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REPORT
OF
THE STUDY GROUP
ON
THE WELFARE OF THE WEAKER SECTIONS OF THE VILLAGE COMMUNITY

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VOLUME II

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(APPENDICES)

MINISTRY OF COMMUNITY DEVELOPMENT, PANCHAYATI RAJ AND COOPERATION
GOVERNMENT OF INDIA
NEW DELHI

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APPENDIX I

QUESTIONNAIRE

No. RJ/S-G/1/60/-CI

GOVERNMENT OF INDIA

MINISTRY OF COMMUNITY DEVELOPMENT AND COOPERATION
(Department of Community Development)

KRISHI BHAVAN,

New Delhi, *February* 6, 1961.

To

1. Development Commissioners, All State Governments and Union Territories.
2. Registrars of Co-operative Societies, All State Governments and Union Territories.
3. Directors of Panchayats.
4. Directors of Agriculture.
5. Directors of Animal Husbandry.
6. Directors of Fisheries.
7. Directors of Industries.
8. Directors of Education.
9. Directors of Health Services.
10. Directors of Social Welfare/Tribal Welfare/Harijan Welfare/Women's Welfare.

SUBJECT.—*Study Group on the Welfare of the Weaker Sections of the Village Community.*

Sir,

The Government of India have constituted a Study Group on the above subject. A copy of the notification setting up the Group and specifying its terms of reference is enclosed.

2. In order to elicit information and views from authorities concerned, the Study Group has prepared a Questionnaire, two copies of which are enclosed. It is requested that one copy along with the answers filled in may kindly be returned, while the other may be retained in your office. More copies of the Questionnaire can be supplied on request.

3. It will be appreciated, if the replies to the Questionnaire are sent to reach me by the 1st March, 1961.

Yours faithfully,

R. JAGANNATHAN

Secretary of the Study Group.

No. 10(3)/60-Panch

GOVERNMENT OF INDIA

MINISTRY OF COMMUNITY DEVELOPMENT AND COOPERATION

(Department of Community Development)

New Delhi, December 8, 1960.

RESOLUTION

The country is wedded to a socialist pattern of society. During the past eight years the Community Development Programme has been operating in the rural areas with all its resources and the resources made available by other departments and agencies. There have, however, been complaints that while the Community Development Programme has benefited the richer sections of the community, the economically backward and weaker sections have not received adequate share of its benefits, particularly in the field of economic development. The objectives of community development connot be achieved nor a socialist pattern of society established unless concrete steps are taken to make adequate economic and other assistance available to the weaker sections as a priority in all programmes of development. The Conference of Ministers, L.S.G. (Panchayats) held at Bangalore on the 10th November, 1960, considered this problem and recommended the setting up of a Study Group on "the Welfare of the Weaker Sections of the Community".

2. The Government of India have accordingly decided to set up a Study Group on "the Welfare of Weaker Sections of the Village Community" to help formulation of a programme for this purpose.

3. The Study Group will consist of the following :—

Chairman :

(1) Shri Jayaprakash Narayan

Members :

(2) Shri Annasaheb Sahasrabudhe

(3) Mrs. Sucheta Kripalani, M.P.

(4) Shri M. R. Krishna, M.P.

(5) Shri Braj Raj Singh, M.P.

(6) Shri B. Sivaraman, Member, Board of Revenue, Orissa.

(7) Shri L. M. Srikant, Commissioner for Scheduled Castes & Scheduled Tribes.

Secretary :

(8) Shri R. Jagannathan.

4. The terms of reference of the Study Group are :—

(*a*) To study how far and in what manner the Community Development Organisation and/or Panchayati Raj institutions at the village, Block and Zila levels can promote the economic development and welfare of the weaker sections of the community.

(*b*) To suggest steps by which the development schemes of the Central and State Governments & Local Authorities and the financial assistance available can be effectively utilised for the benefit of the weaker sections of the community.

5. The Study Group is requested to complete its report as expeditiously as possible and not later than 31-3-61.

6. The headquarters of the Study Group shall be in Delhi. The Group may undertake tours as and when necessary and may also record evidence.

7. The State Governments, Union Territories, etc., are requested to afford all facilities and extend full co-operation to the group.

P. V. R. RAO,
Additional Secretary to the Government of India.

ORDER

ORDERED that a copy of the Resolution be communicated to :—

(1) All Members of the Study Group as at para 3 of the Resolution.

(2) (*i*) Ministry of Parliamentary Affairs.

(*ii*) Ministry of Home Affairs.

(*iii*) Ministry of Education.

(*iv*) Shri V. Ramanathan, Chief Secretary to the Government of Orissa, Bhubaneswar.

(*v*) Principal, Central Institute of Study and Reserch in Community Developement, Mussoorie.

Order also that the Resolution be published in the *Gazette of India* for general information.

P. V. R. RAO,
Additional Secretary to the Government of India.

WELFARE OF THE ECONOMICALLY WEAKER SECTIONS OF THE VILLAGE COMMUNITY

Questionnaire

SECTION I.—GENERAL

1. Do you agree that in view of their social milieu and economic handicaps, certain economically weaker sections of the village community remain chronically weak and that it is necessary to formulate and implement a programme of welfare specially for them ?

2. Do you agree with the view that as the objective is to establish a classless and casteless society, economic backwardness should be tackled on a basis other than caste, provided that care is taken to give preference to those who come from the traditionally neglected social classes, that backwardness should be studied from the point of view of the individual and, at the most, that of a family and that any other unit will leave to caste or class aggrandisement ?

3. Do you agree that the following categories of persons may be considered to constitute the economically weaker sections of the village community ?

(i) Families having uneconomic agricultural holdings;

(ii) Landless agricultural labourers ;

(iii) Other labourers;

(iv) Village artisans and Village Workers engaged in small crafts ;

(v) Sections forced by historical and other reasons to live in backward unproductive regions and not adjusted to modern economic life ;

(vi) Sections who on account of special circumstances are forced to engage themselves in occupations which are not very remunerative and need risks in matters of health and sanitation, and who are also subjected to a low social status.

4. Do you think that any other category of persons should be considered for this purpose? If so, please indicate this.

5. It has been suggested that a general formula *e.g.*, families whose income is less than, say, Rs. 800 a year, would cover cases of chronic economic backwardness. Do you agree with such a means test ? Or, would you like to suggest any modification of it ?

6. Do you agree that within this classification priority should be given to those families whose income is less than Rs. 400 a year, that is to say, a beginning should be made from the lowest rung of the ladder for giving assistance to improve economic conditions?

7. What in your opinion are the causes for the continuance of chronic economic backwardness of the various categories mentioned in paragraphs 3 to 6 above ?

NOTE.—Income levels mentioned in questions 5 and 6 may have to be revised for zones where the general standard itself is low, and the objective should be to classify the backward groups in the zone. In certain regions the categories in question 3 may not indicate the really backward according to local economic standards. In such cases please indicate the local variations.

Section II.—Community Development Programme and Block Budget

1. The C.D. Programme was conceived as a programme for the advancement of the rural communities as a whole. There has, however, been growing criticism that the advanced groups in the community have derived greater benefits from the programme, mainly because of the following reasons :

(a) Generally speaking, the more advanced groups are the most vocal groups in any community;

(b) The leadership of a community whether elective or hereditary is by and large confined to the advanced groups ;

(c) These advanced groups have comparatively greater contact with the official agencies; and

(d) Because of their contact with the official agencies and due to higher proportion of education among them, these groups had better knowledge of the benefits which can be derived from the community development programme.

Do you agree with the above criticism? Are there any other defects in the programme contributing to this ?

2. The major subject heads under the C.D. Programme together with the funds earmarked in the Schematic Block Budget are given below. Please indicate whether :

(i) These subject heads are adequate, having regard to the special needs of the weaker sections of the village community?

(ii) If not, would you suggest which other items should be added ?

(iii) Are you satisfied that the financial allotments made for the various sectors in the schematic budget reproduced below conform to the priorities for the advancement of the weaker sections. If not, would you suggest any other sectors to be added and the allocations for such sectors. Would you also suggest that the allocations *inter se* amongst the sections should be revised in any manner so as to meet the special needs of the weaker sections ?

Expenditure in Rs. lakhs for 5 years

Heads	Stage I Block		Stage II Block		Multi-purpose Tribal Development Blocks	
	Total	Loan Provision	Total	Loan Provision	Total	Loan Provision
(*i*) Agriculture & Animal Husbandry**	0·50	..	0·50	..	1·50	..
(*ii*) Irrigation & Reclamation**	3·40	3·0	0·85	0·75	4·00	3·50
(*iii*) Health & Rural Sanitation	1·15	..	0·50	..	2·00	..
(*iv*) Education	0·60	..	0·50	..	0·75	..
(*v*) Social Education	0·70	..	0·50	..	0·75	..
(*vi*) Communications	0·85	..	0·50	..	4·00	..
(*vii*) Rural arts & crafts**	0·65	..	0·50	..	2·00	..
(*viii*) Co-operation	..	..	..	..	2·00	..
(*ix*) Housing*	1·00	1·0	0·30	0·30	2·50	..
(*x*) Miscellaneous	..	..	..	..	0·50	..
	8·85	4·0	4·15	1·05	20·00	3·50

*Provision to be utilised both for staff quarters and rural housing in Stage I, and for rural housing only in Stage II, and Tribal Development Blocks.

**Provision under agriculture and animal husbandry, irrigation and reclamation and village and small industries cannot be diverted to other heads. The provision under other heads can be re-appropriated suiting local needs and requirements subject to the condition that the multipurpose character of the programme is maintained and that the ceiling under non-loan is not exceeded. Some readjustments have been suggested under these heads, to State Governments since.

3. It is suggested that one of the important programmes for the uplift of the weaker sections should be industrialisation in rural areas, that is decentralisation of industries to rural areas with emphasis on manpower utilisation, and reservation of sectors of production for this programmes. Do you agree with this ?

4. There is a criticism particularly against the loan policy followed in the Blocks regarding agricultural development. It is alleged that the loans under irrigation and reclamation are not advanced to persons who have no property to offer as security. This has adversely affected the small land-holders, and tenants. Do you agree with the above criticism ? Do you think that there is some defect in the policy enunciated which leads to this position ?

5. It has been suggested as a solution that the basis for a loan should be the productive purpose for which it is sought. What in your opinion are the difficulties in implementing this suggestion ? Would you suggest any modifications in the policy to make it more effective. It is felt that one of the main difficulties is non-provision of under-writing of the risk of crop failure in respect of marginal land. Do you agree and, if so, what is your suggestion for covering this risk ?

6. There is also criticism against the loan policy followed in the blocks regarding housing—that the poor who do not own house sites on which they can construct houses are not benefited by the loan provision in the rural housing scheme. Do you agree with the above criticism? Do you think that there is some defect in the policy enunciated which leads to this position ?

7. It is suggested that there must be an element of subsidy in the rural housing programme for the weaker sections. Do you agree; if so, what should be the extent of the subsidy or the principle on which it should be given?

8. Do you agree that the funds provided for rural housing in the block budget should be placed at the disposal of the Panchayats for acquiring and developing house sites and assigning them free, with loans in kind to the poorer sections?

9. Would you recommend loan provision being made under any other head of the block Budget such as:

(i) **Agriculture / Animal Husbandry**

(a) Provision of loan for purchase of cows, pigs, and birds to the weaker sections.

(b) Loan for renovation of tanks for pisciculture.

(ii) **Rural arts and crafts**

Loan for building up initial share capital of Cooperative Societies by way of assistance to weaker sections to become members of Cooperatives.

(iii) **Any other items.**

10. Do you agree that the rules regarding percentage of contribution for grants-in-aid programmes should be liberalised in favour of the weaker sections and that their labour should be paid for?

11. If so, should the power to waive the condition regarding the people's contribution or to reduce it be delegated to—

(i) The Collector; or

(ii) The Panchayat Samiti.

12. The Block Development Officers are required to show achievements of targets in terms of total amounts of loan distributed and they find it more convenient for the purpose to distribute larger sums of money to a few bigger land-holders rather than smaller amounts to a larger number of small holders. Do you agree that to remedy the situation, the targets may be fixed on the basis of the number of beneficiaries including under-privileged and under-developed classes rather than on the basis of the total amount distributed?

13. Do you agree that—

(i) A certain proportion of the funds should be earmarked for the welfare of the weaker sections of the community. What should be the percentage? or,

(ii) A percentage of funds in proportion to the population of the weaker sections in a block should be earmarked for the purpose out of block budget.

14. If so, would you like these funds to be placed at the disposal of:

(i) The Panchayats, Panchayat Samitis, and Zila Parishads and these bodies be left free to formulate detailed programmes of development for the people in their areas, within the pattern laid down by the State; or

(ii) Do you agree that a separate sub-committee of the Panchayats and Panchayat Samitis (rather than the whole body) constituted with adequate number of representatives of the weaker sections of the population of the area and with power to incur expenditure upto a certain specified limit would be in a better position to look after the development of these sections; or

(iii) Would you prefer that the State Departments should control the funds and regulate the release to the local bodies for implementation of specific approved programmes.

15. It is suggested that some modification in the system of selection of Panchayat members or members of Panchayat Samitis, for example, nomination of the village leaders of the communities or customary tribal leaders may be necessary in the very backward areas where the elective system may not throw up a group whose interests will not be antagonistic to that of the bulk of the population in the area. Do you agree?

16. Given below is a list of items that can be taken up under different heads of the C.D. programme. Please indicate:

(i) Any other activities you would like to add under the various heads;

(ii) Any change in the order of priorities of the items suggested.

Major head	Brief description of the programme
1 Agriculture & Animal Husbandry . .	Provision under this head is intended to promote the adoption of improved agricultural and animal husbandry practices such as:—
Agriculture	(*i*) Purchase, maintenance and repairs of demonstration equipment required in connection with demonstrations to be carried out on farmers' lands provided the equipment does not become the property of a private individual or an institution.
	(*ii*) A portion of the provision under this head (not less than Rs. 1,000 per annum) is to be spent on encouraging farmers' clubs, youth clubs and for promoting progressive farmers' training and gram sahayaks' programme in the field of agriculture. The expenditure is to be incurred only for extension items and not for meeting the cost of TA, boarding and lodging or for employment of the staff or hire of buildings.
	(*iii*) Prizes to be awarded for promoting competitive spirit among farmers and for promoting new innovations and introductions including prizes for growing vegetables up to Rs. 500.

Major Head	Brief description of the programme
	Note.—(*i*) The provision under this head should not be used for subsidising sale of improved seeds, fertilizers, manures, implements, plant protection equipment and materials, horticulture materials, fencing, etc. (*ii*) No expenditure is to be made out of this grant for construction, repairs, maintenance and hire of buildings or on the establishment and running of a farm, garden or a nursery.
Animal Husbandry	(*i*) Purchase of equipment such as Refrigerator, Laboratory and demonstration equipment, breeding, feeding and management, Microscope (Clinical), Glassware, Centrifuge, Weighing Balance, Dyes, etc. (*ii*) Purchase of demonstration equipment for educative propaganda such as charts, models of cattle, other livestock, cattle-sheds, poultry houses, etc. (*iii*) Purchase of artificial insemination crates and castration demonstration equipment, tatooing sets, etc. (*iv*) Training of village leaders for castration. (*v*) Live-stock Development—Subsidising cost of stud bulls, stud rams, ewes, stud bucks, stud boars and for construction of model cattle-sheds, maintenance of stud bulls and calves. (*vi*) Poultry development—Subsidising cost of hatching eggs, Pullets, cockerels, baby chicks and supply of eggs incubators, rearing equipment and supply of rolls of wire mesh to registered poultry breeders and construction of 50 cheap poultry houses;

Major head	Brief description of the programme
	(*vii*) Holding of village and block calf rallies, poultry and cattle shows.
	(*viii*) Subsidising digging of soil pits, supply of fodder seeds, slips, roots and cuttings for popularising fodder cultivation.
	(*ix*) Demonstration of grass and fodder cultivation at Block Headquarters or Veterinary dispensary and Pasture improvement by fencing and rational grazing.
	(*x*) Preventing wastage of fodder by supplying chaff cutters.
	(*xi*) Construction of washing tanks for demonstrating water treatment of paddy straw.
	(*xii*) Popularising feeding or poultry with ready-to-feed mashes.
Disease Control	(*i*) Supply of first aid medicinal kits and drugs for medicine kits, purchase of drugs for dosing against helminths.
	(*ii*) Construction of footbaths against foot and mouth diseases in villages.
	(*iii*) Spraying against ectoparasites (tickes and mites).
Marketing	Organising of poultry, eggs and milk marketing societies.
Fisheries	(*i*) Supply of fish fingerlings for the distribution to village panchayats and private parties.
	(*ii*) Subsidising the purchase and distribution of yarns and other fishery requisites.
	(*iii*) Subsidising construction and repair of small fish-ponds.
2. & 3. Irrigation & Reclamation . .	The loan provision under these heads could also be utilized for productive schemes connected with agriculture including rural electrification and other items such as:—
Irrigation	(*a*) Surface wells.
	(*b*) Repair & deepening of existing wells.

Major head	Brief description of the programme
	(*c*) Persian wheels. (*d*) Tube wells. (*e*) Filter points. (*f*) Pumping sets. (*g*) Weirs across rivers. (*h*) Bundies. (*i*) Channels including field channels. (*j*) Embankments. (*k*) Tanks. (*l*) Repair and renovation of tanks, etc. (*m*) Rural electrification.
Reclamation	(*a*) Anti-waterlogging measures such as drainage. (*b*) Soil conservation. (*c*) Contour bunding. (*d*) Flood protection, etc.
4. Health and Rural Sanitation . .	The provision under this head includes Rs. 50,000 for drinking water supply and Rs. 25,000 for drainage and sanitation and in each case there should be an increasing measure of local contribution. Other items of the programme are:— (*a*) Recurring expenditure may be utilised for:— (*i*) Replenishment of village medicines. (*ii*) Grant-in-aid to the existing dispensaries. (*iii*) Financial assistance on Grant-in-aid basis to the existing institutions for employment of work charged staff, *e.g.*, Midwife/Dai, Sanitary Inspector if required and considered necessary by the Director of Medical and Health Services of the State.

Major head	Brief description of the programme
	(*b*) Non-recurring expenditure may be utilised for:— (*i*) Construction of new wells of sanitization of old wells. It would be preferable to instal handpumps in these wells, and ensure proper maintenance of these pumps. The wells have necessarily to be covered and provided with man-holds so that in case of break-down of pumps people can draw water through them. It is also essential to make adequate provision for disposal of sullage water. (*ii*) Construction of dispensary building. (*iii*) Improvement of existing dispensaries. (*iv*) Construction of sanitary latrines and urinals with preference for Primary schools and community centres. (*v*) Provision of drains and construction of soakage pits. (*vi*) Construction of smokeless chulahs. (*vii*) Pavement of village lanes.
5. Education	The provision of Rs. 60,000 under this head includes Rs. 45,000 as a non-recurring grant which is used mainly for buildings which should receive smaller emphasis than heretofore. The funds provided should be available for assisting village communities in improving the local schools such as: (*a*) Primary Schools (Basic type). (*b*) Aid to existing primary schools. (*c*) Conversion of primary schools into basic type. (*d*) Middle schools. (*e*) Aid to existing schools. (*f*) Aid to pre-primary schools.

Major head	Brief description of the programme
6. Social Education	(*a*) Programme— (*i*) Community Centres and their organisation. (*ii*) Literacy classes and Adult Education classes. (*iii*) Reading Rooms and libraries. (*iv*) Recreation Programme. (*v*) Cultural Programme. (*b*) Organisation of Youth groups and their economic cultural and education programme. (*c*) Formation of Associated Groups such as Farmers' Clubs, Youth Clubs, Women's Clubs, interest groups, occupational groups. (*d*) Gram Sahayak Camps.
7. Communications	In carrying out programme under this head what is important is that local communicational works should be part of the road plan for the block and the district and the programme of metalling roads followed by the P.W.D. is linked with the communications programme undertaken with the participation of the people. The following items may be taken in the block programme:— (*a*) Katcha roads. (*b*) Kankar or gravel surfacing. (*c*) Culverts and other crossings.
8. Rural Arts, Crafts & Industries . .	The procurement and maintenance of tools for labour and construction co-operatives organised in each block should form an important programme under this head and should also include:— (*a*) Training of rural artisans including payment of stipends and travelling expenses to trainees.

Major head	Brief description of programme
	(*b*) Grants for technical or artisans' training institute in the Block.
	(*c*) Grants to Industrial Co-operative Societies in the block to meet expenses on account of employing technical and management staff for the first three years.
	(*d*) Subsidising the cost of equipment and improved tools for artisans, particularly those who are trained in improved equipment and methods of production. This subsidy may be given up to 50 per cent of the cost of tools and equipment. It may also be noted that out of the allotment of Rs. 65,000 during Stage I and Rs. 50,000 during Stage II under this head, Rs. 15,000 and Rs. 7,500 respectively are earmarked for development and promotion of industries under women's programme.
	(*e*) Developing such industries as are not included in the list of any of the all-India Boards or such industries as the all-India Boards were not in a position to provide adequate funds.
9. Housing	Buildings should be simple in design and execution and fit with local environment. Local labour and material should be utilized to the maximum extent. It would, as a rule, be better that these constructions be undertaken by agencies other than the P.W.D. though the latter may be consulted and their advice taken to the extent necessary.

17. If any new head(s) are suggested under 2(ii) above, please indicate the detailed activities that may be undertaken under it (them).

Section III.—Other Departmental Programmes

1. Please enumerate development schemes (other than from the C. D. budget) like departmental schemes, Harijan Welfare and Tribal Welfare Schemes, Land Allotment Schemes, Housing Schemes, Social Welfare Board, Schemes of Khadi and Village Industries Commission, Handloom Board, Handicrafts Board, etc., working in the rural areas of the State which are:

(*i*) exclusively for the benefit of the weaker sections of the community, and

(ii) which also benefit these sections.

2. Are you satisfied that the development schemes undertaken under the various departmental programmes conform to the priorities for the advancement of the weaker sections? If not, would you suggest that any other schemes should be added to the programmes or would you suggest any alteration in the policy and the allocations in the existing programmes so as to meet special needs of the weaker sections? (The programme of industrialisation of rural areas mentioned in question 3 of Section II may be specifically considered).

3. Please indicate the nature of co-ordination with the C. D. programme in their actual working.

4. Do you agree that if the resources of the development programmes of all the State Departments and various other organisations are pooled and used to supplement the Block Budget in implementing a comprehensive and co-ordinated programme of development, the Block organisation will be in a position to deal with the problem of the weaker sections far more effectively? What specific measures would you suggest in this behalf?

5. Do you also agree that powers should be delegated for sanction and approval of schemes to the level of districts or Blocks. This can work smoothly once a minimum programme has been laid down and reasonably flexible type designs and schemes worked out?

6. Do you think that it is possible also to earmark certain funds from out of the schemes of category 1 (ii) above for the weaker sections of the community?

7. If so, indicate the schemes and the percentage that may be earmarked for the weaker sections.

8. What administrative arrangements would you suggest to review, assess and ensure that the funds earmarked for weaker sections are actually spent on them? *Vide* 14(ii) of Section II.

Section IV.—Special Programmes

Please indicate briefly how for schemes under the following heads in your State are helping the weaker sections?

1. Co-operative Farming, and Service Co-operatives.
2. Soil Conservation and Land Development Schemes.
3. Grain-golas.
4. Agro-industrial units in Mandis or Block Sub-Centres.
5. Nutrition Programmes.
6. Fishery, Poultry and Pig breeding.
7. Horticulture.
8. Compulsory Primary Education and provision of books, clothes and mid-day meal to the children of the poor.
9. Labour Co-operatives.
10. Rural Housing Schemes.
11. Compulsory Insurance.
12. Crafts and Handicrafts for women.
13. Gramdan and Bhoodan.

Section V.—Programme for Utilization of Rural Manpower

1. A majority of persons belonging to the weaker sections are petty artisans or agricultural labourers. They chronically suffer from lack of full employment facilities. To remedy this situation, do you agree that:

(i) The Panchayats should be given substantial credit and grant-in-aid facilities to undertake productive works like afforestation, soil conservation, minor irrigation, etc.,

and thus enable them to tackle the unemployment problem also. Would you agree the earmarking of revenue heads of receipts, for example land revenue, for allocation to the Panchayats and Panchayat Samiti with the condition that the allocations can only be used for programmes of uplift of the weaker sections of community? Would you alternatively suggest earmarking of a percentage of the revenue receipts of the State specifically for this purpose?

(ii) Panchayats should help the economically weaker sections of the community to become members of co-operative societies making available financial resources to enable them to purchase shares in co-operative societies. Panchayats can provide grant or loan for this purpose. If Panchayats give grants, it is suggested that necessary matching contribution may be made either by the Panchayat Samitis or by the State Government to the Panchayat. It is also suggested that the Government of India should provide funds under the Scheduled Caste and Scheduled Tribe schemes to Panchayats to enble them to help a few members from these sections of the community per village panchayat per year to become members of the co-operative societies.

(iii) In Blocks which do not have prospects either for agricultural improvement or of village industries, people belonging to these classes should be organised in labour co-operatives, which can be given contracts for execution of works of a nature suitable for such societies.

(iv) Panchyats should take responsibility for organising unemployed and under-employed in the Panchayat and giving them labour facilities at reasonable wages in the works programmes of the Panchayat. The facilities to be given to Panchayats under 1(i) above should be based on the need in the area for this purpose.

2. It has been suggested that with a view to securing the fullest utilization of the manpower resources during the Third Five Year Plan,

the following five different categories of works should be undertaken in the rural areas:

(i) Works projects included in the plans of State and local bodies which involve the use of unskilled and semi-skilled labour.

(ii) Works undertaken by the community or by the beneficiaries in accordance with the obligations laid down by law.

(iii) Local development works towards which local people contribute labour while some measure of assistance is given by Government.

(iv) Schemes to enable village communities to build up remunerative assets.

(v) Supplementary works programme is to be organised in areas in which there is a high incidence of un-employment. A copy of Planning Commission's letter No. 8/5(11)/60-C.D., dated the 14th October, 1960, on the subject is enclosed (Appendix I).

Have you undertaken any such schemes in your State? If so, what results have been achieved so far?

3. It may be said that village industries programme is, in essence, a programme for the weaker sections of the village community. There are four essential conditions for the success of this programme :

(i) Suitable arrangements for supply of raw material.

(ii) Formation of industrial co-operatives or provision of credit facilties where such societies cannot be formed.

(iii) Marketing arrangements.

(iv) Training—reservation of seats for the weaker sections in the industrial training institutions. Reservation should be not only for the artisan classes but other weaker sections also.

Please state how far your State has tackled these problems?

SECTION VI.—ORGANISATIONAL SET-UP AT THE CENTRE AND STATE HEADQUARTERS

What would you suggest as the most suitable administrative set-up at the State Government and the Central Government level for the co-ordination of the work of the various departments and the Community Development Programme for ensuring the effective implementation of a programme of economic uplift of the weaker sections of the village community?

No. 8/5 (11)/60-C.D.

GOVERNMENT OF INDIA

PLANNING COMMISSION

YOJANA BHAVAN,

New Delhi-1, *the* 14*th October*, 1960

FROM

Shri Tarlok Singh,
Additional Secretary,
Planning Commission.

To

All State Governments.

SUBJECT.—*Pilot Projects for works programmes for utilising rural manpower*

Sir,

State Governments will recall that the utilisation to the fullest extent possible of the manpower resources of the country has been accepted as one of the principal aims of the Third Five Year Plan. Proposals in this connection are contained in section 2 of Chapter V of the Draft Outline. A lasting solution of the problem of utilising the available manpower in rural areas has to be sought through the universal adoption of scientific agriculture and diversification and strengthening of the rural economy through the development of processing industries and the linking up of the economy of villages with the growing requirements of urban centres. While programmes for village and small industries have to be intensified, specially in areas which have heavy pressure of population and suggestions with this in view will need to be dealt with separately, the present letter is limited to action indicated in the Draft Outline relating to works programmes for rural areas. It is proposed that about 25 pilot projects should be begun in the States during the current year on the basis of a programme extending to the end of 1961-62. It is hoped that each State will be able to take up at least one pilot project. States which may feel able to take up two pilot projects are requested to intimate this as early as possible. The scope of the pilot projects and the general lines on which they may be drawn up are explained in this letter. The Planning Commission would like to have the suggestions of State Governments regarding these projects. It is hoped to report the action initiated in respect of the pilot projects to the National Development Council at its meeting on December 10 and 11, 1960.

2. *Categories of works.*—Broadly, the works programme in a rural area may comprise five different categories of works:

I. Works projects included in the plans of States and local bodies which involve the use of unskilled and semi-skilled labour.

II. Works undertaken by the community or by the beneficiaries in accordance with the obligations laid down by law.

III. Local development works towards which local people contribute labour while some measure of assistance is given by Government.

IV. Schemes to enable village communities to build up remunerative assets.

V. Supplementary works programmes to be organised in areas in which there is a high incidence of un-employment.

Schemes under categories II, III and IV are intended to be undertaken as an essential aspect of the normal scheme of planned development in rural areas. These schemes are calculated to ensure fuller utilisation of the available manpower resources but, by and large, they are not likely to provide much additional work for which wages may be paid. The proposed pilot projects will, therefore, provide in the main for works included in categories I & V. Works in these categories will in fact include similar schemes, the main consideration being that category will include supplementary schemes over and above those in category I to be undertaken in those areas which have a high incidence of unemployment.

3. *Works to be undertaken in pilot projects.*—In categories I & V those projects are included which call for considerable amounts of unskilled and semi-skilled labour such as irrigation and flood control projects, minor irrigation schemes, land reclamation schemes including water-logging and drainage and the reclamation of saline lands, afforestation and soil conservation schemes, road development, etc. In the case of all these projects, normally, financial provision is made in the budgets of different Departments or under the community development programme. Frequently, the works are taken up through contractors and without co-ordination with the local community development block organisation. If these projects are to afford their maximum employment to the people of each area, it is essential that as far as possible they should be carried out in close co-operation with the local block organisation, which includes panchayat samitis and the village panchayats. Where possible, one or more labour co-operatives should be formed. Such labour co-operatives can maintain supplies of tools, obtain contracts from the Departments concerned and arrange for the execution of works to enable batches of persons from different villages to work at convenient distances from their homes.

4. *Suggestions for preparing schemes.*—In preparing detailed schemes for carrying out the works programmes mentioned above, State Governments are requested to keep the following suggestions in view:—

(*i*) In the areas selected for pilot projects all works in category I should be organised as far as possible on lines explained in paragraph 3. The employment benefits of these works for the local population should be maximised. In selecting supplementary works for execution the first preference should be given to schemes which are part of the Plan and which may not have been taken in hand so far.

(*ii*) The supplementary works should be scheduled for execution during the slack season. Their planning should be taken in hand well in advance so as to ensure the necessary co-ordination with the block development organisations concerned.

(*iii*) In all cases of works to be undertaken by villagers, wages should be paid at local village rates in the appropriate seasons.

(*iv*) The services of voluntary organisations like the Bharat Sevak Samaj and popular bodies such as panchayats and co-operatives should be fully utilised.

(*v*) Whithin the block, the responsibility for carrying out the works programmes should be placed on the Block Development Officer and the block organisation.

(*vi*) Since in this scheme, villagers have to do the work instead of contractors, they should be allowed more time than is commonly done and arrangements should be made for prompt payment and measurement of work.

(*vii*) If it is found that in the selected areas a limited number of the skilled workers needed are not locally available in sufficient numbers, arrangements should be made for obtaining such labour from elsewhere before commencing construction.

(*viii*) In the pilot projects to begin with, a small task force of trained workers, official and non-official, should be organised for giving a push to the works programme at the block level.

(*ix*) The scheme should provide for an appropriate part of the cost of the works being treated as loans to those who benefit directly from the works.

5. *Selection of areas.*—In selecting areas for pilot projects there are two main tests. Firstly, these should be areas in which there is considerable unemployment or under-employment; secondly, these should be areas in which there is definite scope for undertaking short-term agricultural and allied programmes which are likely to add substantially to increase in production. In the first phase of the works programme preference should be given to such schemes.

6. *Preliminary information to be supplied.*—State Governments are requested to send their proposals for the areas to be selected for pilot projects by *November* 15, 1960. Preliminary information regarding these areas, the programmes proposed to be undertaken, their organisation, and estimates of costs for 1960-61 and 1961-62 may be furnished on the lines of the check list forwarded with this letter. In the light of the proposals received the Government of India will indicate appropriate financial ceilings for the pilot projects. As a rough guide, it may be stated that the cost of a pilot project during 1960-61 and 1961-62 should ordinarily not be in excess of, say, Rs. 2 lakhs for a development block. The proposals may kindly be sent in duplicate and copies may also be forwarded to the Ministry of Community Development and Co-operation (Department of Community Development) and the Ministry of Labour and Employment (Directorate General of Employment and Training).

Yours faithfully,
TARLOK SINGH

Copy forwarded to:—

1. Ministry of Community Development & Co-operation (Department of Community Development).
2. Ministry of Labour and Employment.
3. Ministry of Finance.

ANNEXURE

Check list for the formulation of pilot projects for works programmes in rural areas

1. Particulars of selected area:—

Location—

Total area; cultivated area; irrigated area; stage in the Community development programme.

2. Population and occupational characteristics of the area with special reference to unemployment and under-employment.

3. Other factors governing the selection of the area.

4. Development undertaken in the area in the First and the Second Plan under the community development programme and the programmes for agriculture, including animal husbandry, fisheries and forests, minor irrigation industries and other development Departments.

5. Development programmes proposed to be undertaken in 1960-61 under the community development and programmes of other Departments specified under 4 above.

6. Development programmes anticipated for 1961-62 under the community development programme and programmes of other Departments.

7. Additional works programme proposed to be undertaken in 1960-61 and 1961-62 to supplement programmes under 5 & 6 above with preliminary description.

8. Rough estimate of cost of programmes under 7 above, showing separately—

(*a*) Overheads (Staff, tools & equipment).

(*b*) Wages.

Distribution of expenditure between 1960-61 and 1961-62 with brief statement of basis of estimates may be furnished.

In the case of wages, indicate (*a*) number of workers, (*b*) period of employment, (*c*) wage rates proposed, (*d*) current local village rates in busy and slack seasons.

Indicate briefly particulars of staff envisaged.

9. The supplementary works programmes are proposed for the slack agricultural seasons. Indicate the tentative schedule proposed to be followed.

10. How is it proposed to organise the works programme?

Relationship of the programme to the community development organisation at the block level, including Panchayat Samitis and village panchayats.

Responsibility proposed to be assigned to the Departments concerned.

Extent and manner of association with voluntary organisations envisaged.

Any other organisational aspects.

11. Expenditure on the programme proposed to be treated as loans to beneficiaries and terms proposed.

12. Assessment of the likely impact of works programme on the area if undertaken and any other observations.

Appendix II

LIST OF RESPONDENTS TO THE QUESTIONNAIRE

1. Shri S. N. Ramaul, M.P.
2. Shri D. Narayan, M.P.
3. Shri Kota Punnaiah, M.P.
4. Shri Ram Krishna Gupta, M.P.
5. Shri Kakasaheb Kalelkar, M.P.
6. Shri Balvantray Mehta, M.P.
7. Shri N. R. Malkani, M.P.
8. Shri Kolla Venkayya, M.L.C.
9. Shri Ramakrishnaiah, M.L.C.
10. Shri S. Lazar, M.L.A.
11. Shri V. Isvaran, Chief Secretary, Gujarat.
12. Commissioner, Baroda Division.
13. Development Commissioner, Kerala.
14. Rural Development Department, Maharashtra.
15. Financial Commissioner, Punjab.
16. Shri B. Mehta, Chief Secretary, Rajasthan.
17. Development Commissioner, West Bengal.
18. Shri P. S. Bapna, Development Commissioner, Madhya Pradesh.
19. Deputy Commissioner, Hassan, Mysore.
20. Shri Munshi Ram, Director, Walfare of Scheduled Castes & Backward Classes, Punjab.
21. Shri M. R. Bhide, Secretary, Ministry of C.D. & C.
22. Shri G. D. Goswami, Joint Secretary, Ministry of C.D. & C.
23. Development Department, Assam.
24. Divisional Commissioner, Bangalore.
25. Divisional Commissioner, Belgaum.
26. Block Development Officer, Palair, Khamam Distt., Andhra Pradesh.
27. Director of Agriculture, Andhra Pradesh.
28. Director of Agriculture, Assam.
29. Department of Agriculture, Jammu & Kashmir.
30. Director of Agriculture, Madras.
31. Director of Agriculture, Punjab.
32. Director of Industries, Ministry of C.D & C.
33. Director of Industries, Uttar Pradesh.
34. Director of Industries, Andhra Pradesh.
35. Shri R. Srinivasan, Member, Khadi & Village Industries Commission, Mysore.
36. Director of Industries, Bihar.
37. Shri V. L. Mehta, Khadi & Village Industries Commission, Bombay.
38. Dy. Director of Fisheries, Ministry of C.D. & C.
39. Director of Fisheries, Gujarat.
40. Director of Fisheries, Kerala.

41. Director of Fisheries, Madras.
42. Director of Fisheries, Maharashtra.
43. Director of Fisheries, Mysore.
44. Adviser of Fisheries, Punjab.
45. Registrar, Co-operative Societies, Madhya Pradesh.
46. Registrar, Co-operative Societies, Maharashtra.
47. Registrar, Co-operative Societies, Punjab.
48. Registrar, Co-operative Societies, Gujarat.
49. Director of Panchayats, Punjab.
50. Dy. Director of Panchayats, Delhi.
51. Secretary, Development & Rural Local Administration, Mysore.
52. Director of Public Instruction, Msyore.
53. Director of Public Instruction, Bihar.
54. Director of Public Instruction, West Bengal.
55. Director of Public Health, Maharashtra.
56. Director of Health Services, Punjab.
57. Health Department, Bihar.
58. Dr. T. A. Koshy, Executive Director, Literacy House, Lucknow.
59. Director of Education, Uttar Pradesh.
60. Director of Education, Maharashtra.
61. Shri S. Pathik, Genl. Secretary, All India Mass Education Society, Gonda, U.P.
62. Shri K. Arunachalam, Sanchalak, Gandhi Smarak Nidhi, Tallukulam, P.O. Madurai.
63. Nehru Seva Sangh, Banpur (Puri), Orissa.
64. Dr. Balbhadra Prasad, D.Sc., No. 44, Patliputra Colony, Patna.
65. Bihar State Social Welfare Advisory Board, Patna.
66. American Marathi Mission, Vadala Mission, Maharashtra.
67. Shri Mouni Vidyapeeth, Gargoti.
68. Association of Voluntary Agencies for Rural Development, Pataudi House, 8, Canning Road, New Delhi.
69. Shri Joseph John, Rural Life Centre, Andhra Pradesh.
70. Shri T. Hariharan, Convener, Fishermen Section, Kerala Pradesh Congress Committee.
71. Shri Ramnath Tammewar, President, Panchayat Samiti, Madnoor, Nizamabad District.
72. President, Taluka Board, Manvi.
73. Shri Shankarappa, Chairman, Town Panchayat, Dubalgundi.
74. President, Taluka Board, Sindhnoor, District Raichur.
75. Chairman, Anntaudi Gram Panchayat, District Raichur.
76. President, Taluka Board, Shahapur, Mysore.
77. Sarpanch, Gram Panchayat, Mashal, T.O. Afzalpur.
78. Shri A. P. Pali, President, Territorial Development Board, Mandi.
79. Chairman, Zila Parishad, Cuddapah.

79A. Chairman, Zila Parishad, Guntur, Andhra Pradesh.

80. Chairman, Zila Parishad, Anantapur, Andhra Pradesh.
81. President, Panchayat Samiti, Adoni, Kurnool District, Andhra Pradesh.
82. President, Lakhipur Anchalik Panchayat, Assam.

83. President, Taluka Board, Mercara.
84. President, Taluka Board, Poonnampet.
85. President, Taluka Board, Somwarpet.
86. President, Taluka Board, Hadagalli, Bellary, Mysore.
87. President, Taluka Board, Hospet, Bellary, Mysore.
88. Chairman, Panchayat Board, Kampli, Bellary.
89. Chairman, Panchayat Board, Kottur, Bellary
90. Chairman, Panchayat Board, Harapanahalli, Bellary
91. Chairman, Panchayat Board, Holagundi, Bellary.
92. Dr. V. S. Vyas, Department of Economics, Sardar Vallabhai Vidyapeeth, Bombay.
93. Shri K. S. V. Raman, Chairman, Bihar Public Service Commission, Patna.
94. Dr. D. Ensminger, Representative in India of the Ford Foundation.
95. Shri B. G. Rao, I.C.S. (Retd.).
96. Prof. D. R. Gadgil, Gokhale Institute of Politics and Economics, Poona.
97. Prof. D. Ghosh, Institute of Gandhian Studies, Varanasi.
98. Mrs. P. P. Naidu, Director, Social Welfare Division, Planning Commission.
99. Mr. Evelyn Wood, 5, Sobani Road, Cuffe Parade, Bombay.
100. Central Silk Board, Bombay.

APPENDIX III

SALIENT POINTS FROM REPLIES TO THE QUESTIONNAIRE

SECTION 1.—WHO ARE THE WEAKER SECTIONS AND WHY HAVE THEY NOT BEEN ABLE TO BENEFIT FROM DEVELOPMENT PROGRAMME

1.1. The general view is that the economically weaker sections of the village community do remain chronically weak. Even when certain types of reforms have been introduced, the weaker sections of the community have not benefited to the extent the other sections have been. The gap between the economically weaker and the stronger continues hardly less wide than before. While in the long run, the weaker sections could best be helped by providing them good educational opportunities and by the overall economy providing them opportunities to earn a decent living, there is need to formulate and implement a programme of welfare for them. In formulating such programmes care is to be taken to ensure that nothing is said or done that would embitter the relations between the stronger and the weaker sections of the village community. If any section of the community is antagonised the programme will have little chance of success. The programme, therefore, is to be a generally applicable one, with special emphasis on narrowing down the gulf between the two sections of the community.

1.2. Caste is a stronger and unpleasant reality. The permanent barriers are built up in the status between caste and caste. Again to a considerable extent the membership of certain castes is accompanied by financial weaknesses. Backwardness and weakness in these circumstances has, therefore, to be studied not only from the point of view of the individual and family but also of the caste. As the situation improves, the importance given to caste and class may diminish and we may come to the stage of family, and not the individual as the unit for such consideration. In the long run, however, the goal should be the equality of opportunity for all for progress socially, economically, politically and culturally which will ultimately provide the conditions for changing to new attitudes and development of new values.

1.3. Categories given are generally agreed to. It is suggested that some kind of income criteria should be adopted as there are quite a number of persons who, as things improve, may come under one of these categories but still not be economically weak and thus do not require any special help. Periodical examination of categories is, therefore, considered very necessary. Such an examination will reduce the number and thus eliminate the apprehensions that listing so many categories under the head "Economically Weaker Sections" will make such population very large and that the programme of welfare formulated will not be very realistic.

It has been pointed out in this connection that problem of backward regions should be given a different treatment.

It has been suggested that reference to "Social Status" should be omitted in the context of economically weaker sections.

1.4. The following categories may also be considered :

(a) Low income groups from the professional class such as peon etc.

(b) Persons whose traditional occupation are dying out, *i.e.* jugglers, snake charmers, eunucks.

(c) Wandering mendicants, nomads and such other able bodied persons who because of tradition do not take any settled occupation.

(d) Women of the lower middle class.

(e) Orphans.

(f) Persons who suffer from disabilities *i.e.* blind, infirm and aged.

(g) Unemployed with no means of livelihood.

1.5. **Means Test.**—One view is that on account of rise in prices during the past few years, Rs. 1,200 should be the minimum for such consideration. Others considered Rs. 800 as a fairly good basis.

In the context of income criteria, it was further pointed out that—

(a) Income of each member of the family should be the basis of calculating the families' income.

(b) Regional desparity should be taken into account for chronic backwardness. It is necessary to take figures of several continuous years.

(c) A review on the basis of prices indexes suggested.

(d) Consumption, saving and indebtedness should also be one of the criteria.

The third view was that such a means test will hardly be reliable and realistic. The conditions differ very sharply from Tehsil to Tehsil, District to District and State to State. Our minimum objective should not be to bring them to a particular level but to see that in each area the level of the more backward sections is raised and the gulf between them and others narrowed down. Another fear is that such a general formula will not work in the sense that help given under this formulae will only reach the poorer families of the Brahmins, Banyas, Kayasthas and the dominent village communities who are, as communities, influential and well-off.

1.6 Those who are in favour of a means test as a general formula determining economic weakness considered that on account of rise in prices Rs. 500 should be considered as the base to start with. Others thought that this scheme has more danger in it and is open to so many risks. Aim should be at total improvement of the economy. We may formulate and implement the programme for all those who constitute the weaker sections of the community. Special schemes for the poorest with subsidies or loans, and social services like education, and health which with particularly be of benefit are satisfactory methods of evening up the society in the long run.

1.7. Some of the prominent reasons given are as follows :—

1. Lack of secure and continuous employment.
2. Very small holdings.
3. Old and primitive methods of agriculture which result in low productivity.
4. Over-dependence on agriculture.
5. Exploitation by the big landlords of small land owners.
6. Uneconomic distribution of land and wealth.
7. Neglected programme of village industrialisation.
8. Lack of means of transport.
9. Dominance of indigenous bankers in villages.
10. Absence of saving habits.
11. Tendency to attempt to make the village self-sufficient.
12. The insistence on confining the Panchayat and Co-operation to single villages.
13. Mistaken loyalty to certain creeds—while electric power can be used for making Ambar Charkhas, it cannot be used for spinning etc. *i.e.* refusal to profit fully from the benefit brought to the village—while electric power can be used for pumping water into the fields, it cannot be used for crushing oil from oil seeds.
14. Rigidity of the caste system.
15. Expensive social customs.
16. Lack of sense of respect for human beings.
17. Foreign political dominance.
18. To sum up, the causes are economic, historical, cultural, traditional and political and the mental outlook that has arisen out of them.

SECTION 2.—C. D. PROGRAMME AND THE BLOCK BUDGET

2.1. There is nothing inherently wrong in the programme. Through extension methods, the C.D. programme aims to benefit those who are prepared to help themselves most and the results in the delay in the take-off of the weaker sections to come out willingly to accept the help. To this extent they have been denied the benefits of the programme.

(a) The more advanced groups are not only the most vocal groups in the community but also politically strong.

(b) In addition, the village leaders are the favoured members of the Government officers. It confirms the belief in the minds of the weaker sections that Government Development activities are intended for the stronger and more favoured groups. Camps for training village leaders panchayats members, co-operative members merely emphasise this feeling that a new village elite is being formed out of the economically stronger sections.

(c) The advanced groups not only have greater contact with the official agencies but a large proportion of officials also come from these groups and consequently their sympathies are more with them. Unless the weaker section get some reservation of seats in Government Service, the difficulties are bound to remain unsolved.

The following factors have also contributed to this malady :—

(a) People's contribution as a condition precedent.

(b) The C.D. programme has worried more about the production of foodgrains than mixed farming, and hardly thought of assisting industry.

(c) The economic programme in the schematic budget are based on loan schemes. Naturally the poorer section is shut out from its benefits.

(d) No special programme has been provided for this section. There is provision for women's programme, but none for them.

(e) Faulty attitude of officials who ought to go to the needy persons.

(f) Undue emphasis is on the target. While little thought has been given to the actual improvement of man.

2.2. There are two opinions. One is that the schematic budget should continue as a nucleus provision for the block development with the present subject-heads. What is needed is that the schemes in their application have to be worked with more discrimination to local conditions. As regards financial allocation under each head it is suggested that more funds should be provided for rural arts and crafts, health and sanitation, education and rural housing and schemes for irrigation and reclamation should be liberalised and element of subsidy increased. Special programmes for backward classes should be provided for. The opposite view is that the schematic budget has little relevance to the prevailing circumstances which differ from block to block and certainly from blocks in one state to blocks in another. It is suggested here that the total amount to be spent in the different blocks should be handed over to the state Governments with broad directions of the major heads under which they should be spent. Panchayats samiti, which is responsible for the developmental activities in the block, should be looked upon with more confidence. It should be left to the panchayat samitis as to how to utilise these funds and, of course, state government and district authorities will have power vested in them to issue broad directions in this regard.

2.3. There was general agreement regarding rural industrialisation, with emphasis on utilising the raw material available in the villages, need for provision of adequate and timely supplies and services and efficient marketing. It was further suggested that the rural industries should be labour-intensive.

2.4. (a) Credit is being prostituted for political reasons. Machinery for recording and recovering the loans is inadequate, poor in quality and often demoralised.

(b) Loans are not being advanced to co-operatives of the landless, margina and sub-marginal land holders.

(c) The suggestion put forth by the Ministry of Community Development & Co-operation that the loans should be advanced without hypothecation of land as security is not being put to practice in various states.

(d) Security of property continues to be the prerequisite for obtaining loans.

(e) In most states the task of recovery of loan is thrust on the officer who grants the loan or the co-operative society granting the loan. Naturally the least risky borroweres are given preference in advancing loans.

(f) Even short-term loans are not being advanced on personal security etc.

2.5. The general view is that loans should be advanced for productive purpose. The risks involved in such a policy can best be remedied by crop insurance schemes. Losses should be guaranteed where co-operative advance loans and a fund should be created to write off losses where Government undertakes finance. Ultimately, giving loans to individuals should be replaced by co-operative finance. Administrative machinery should be geared upto better supervision. It is to be watched carefully as to whether the loans are being utilised for the purpose they were advanced. Similarly, recovery should be made promptly by the honest staff. As for marginal and sub-marginal cultivator joint farming is recommended by the majority.

2.6. All agreed that unless plots for housing are made available free of cost to the weaker section, criticism regarding the loaning policy will always hold good. The defects are that a major portion of the provision under this head is spent on staff quarters in stage I of the Block. Total provision of funds under this head is very small. Some States *i.e.* Punjab and Madhya Pradesh, diverted these funds to some other heads probably to Agricultural development. Thus these funds were not at all utilised for rural housing. Provision of small funds also imply that subsidies programme cannot be undertaken. Loans under this head have also been advanced carelessly. The maxim that the loans should be repaid ultimately from their income has been ignored. Loaning policy of the Housing Ministry is a dismal feature.

2.7. Regarding the extent of the subsidy, a majority was in favour of 25% towards the cost of construction. Some suggestions for subsidising 100%, 75% and 50% were also made. The principle for giving subsidy should be that Panchayats should make available free plots and grant the subsidy to a co-operative housing society instead of giving it to the individual. The loan should be a definite percentage of the share capital of the societies.

2.8. Rural housing programme should be executed through the co-operative housing societies with the assistance and support of Block staff.

2.9. Loans should be available also for purchase of cows, pigs, and birds by weaker sections. No special assistance towards share capital of co-operative societies from the block budget to weaker sections was considered necessary in view of the Mehta Committee recommendation that the share capital of cooperative societies may be subscribed in instalments and the loans should be given on the basis of subscribed (and not paid up) capital for a limited period of 3 years during which the instalments will be paid.

2.10. Rules regarding percentage of contribution for grants-in-aid should be liberalised, and labour contribution should be paid at the rate of 1/4th to 1/2. Caste and class treatment should however be avoided and the principle of self-help not sacrificed.

2.11. It was feared that if relaxation powers are given to Panchayat Samities there will be favours etc. Unless the Panchayat Samities get going they should not be saddled with this responsibility and therefore for 5 years to come the Collector should be given the power to relax people's contribution. Others opined that Panchayat Samities should have these powers.

2.12. The target should include what percentage of persons belonging to weaker sections were helped with loans and also the loans advanced were adequate and timely. A suggestion was also made that 75% of the loans should be earmarked for persons belonging to weaker sections.

2.13. There were three sections of opinion. One was in favour of earmarking funds for weaker sections. It was say 25% to 75%. The second view was that this kind of reservation may not be possible under all heads. This is only possible only under health and sanitation, housing and rural arts and crafts. The third view was that such earmarked funds may not be utilised at all and remain locked and thus the other sections will also be deprived of the benefits. Secondly, it will also destroy the sense of community. The whole question should be left to the Panchayats.

2.14. It was generally thought that Panchayats and Panchayat Samities could not rise to the occasion, and some sort of state planning programming for the weaker sections was necessary. Majority was in favour of leaving it to a sub-committee of Panchayats and Samities. It was suggested that the members of the sub-committee should be elected. Care should be taken that the elected members are self-less workers as they themselves have to be the beneficiaries also. Even here some kind of supervision by the Government was considered desirable. Delegation of administrative authority at state and district level was considered a complementary need.

2.15. A system of nomination of village leaders or customary tribal leaders to the Panchayats and Samities did not find favour with the majority. A lesser evil would be provision for reservation. Best arrangement would be to leave this to the State Governments.

Suggestions regarding suitable items in the C.D. Programme.

Agriculture.—(a) Emphasis on schemes should be laid on benefiting the weaker sections of the community.

(b) Panchayat Samiti should take interest increasingly in the field of Agriculture.

(c) Apart from hire purchase, hiring of the more expensive implements is necessary. Implements, of course, must be suitable to local conditions and must be distinctly better than those used at present.

Animal Husbandry.—(a) Distribution of poultry and pigs should be done through Mahila Mandals.

(b) Boy scouts, 4-H and the ACC should be asked to do more in this field.

(c) Supply of poultry, rams, pigs and cows to the weaker section should be subsidized.

(d) Construction and repair of fish ponds should be subsidized.

(e) Facilities should be provided for fish-curing processing, etc. on subsidized basis.

(f) Efficient and effective provision of school health, including a nutritional corrective midday meal are the immediate seeds.

2 and 3. Irrigation.—Bullock-driven pumps for lifting water should be encouraged.

4. Health.—Dug-well latrines for primary health centres, sub-centres, primary schools and community centres should be included.

5. Fducation.—The emphasis should be on the construction of building through villagers effort.

6. Social Education.—(a) It should include health education.

(b) More literacy classes, Youth clubs, Balmandirs should be organised for the enefit of the weaker section.

7. Rural arts and Crafts.—(a) After agriculture the field of Rural Arts and crafts is the second priority.

(b) Subsidies for purchase of tools may be given to the artisans who belong to the weaker section.

(c) Provision of assistance considered necessary for schemes not provided for by all-India Boards and Khadi and Village Industries Commission.

(d) More funds for this head suggested.

(e) Training for village women in food preservation industries along indigenous lines should be provided.

(f) Members of weaker sections should be helped to purchase shares of the village co-op. society.

(g) Grant for appointment of managerial staff in the co-operative societies of weaker sections.

(h) Grant for construction of godowns for village societies.

(i) Grants for opening of consumers' co-operative societies in rural areas.

9. Housing.—(a) Provision of free sites and subsidies for construction is recommended for weaker section.

(b) This head should have good priority.

(c) White-ant-proof and fire-proof model houses designed by P.W.D. should be built on central places to be copied by others.

SECTION 3.—OTHER DEPARTMENTAL PROGRAMMES

3.1. The following schemes have been indicated as exclusively benefiting the weaker sections of the community.

(a) Tribal welfare schemes of the Ministry of Home Affairs.

(b) Build your own home scheme of West Bengal.

(c) Agricutlrual demonstration farms under article 275, subsidy for cultivation of Baro paddy, distribution of tools and implements free and 90% subsidy on issue of seeds, plants and fertilizer (Assam).

(d) Generally speaking, the following schemes of Khadi and Village Industires Commission benefit the weaker section exclusively—

(i) Hand pounding of rice.

(ii) Ghani oil industry.

(iii) Palm gur industry.

(iv) Flaying.

(v) Carcase utilisation.

(vi) Village pottery.

(vii) Village carpentry.

(viii) Blacksmithi.

(e) Agricultural colonization of waste-lands.

Schemes which also benefit these sections are as follows :—

(a) Social Welfare Board schemes.

(b) Khadi and Village Industry Schemes, specially Khadi & spinning.

(c) Schemes of Co-operative development.

(d) Public health schemes.

(e) Assistance of Central Co-operative and land mortgage banks.

It has been pointed out in this connection that there are two ways of dealing with the weaker section. One is to put a glass case around it and spoonfeed it and watch its activity with affection and relish. The other is to help them and permit them to grow. More of the second and less of the first is essential.

3.2. Generally speaking, the development schemes undertaken under the various departments programmes do not conform to the priorities necessary for the advancement of the Weaker Sections, for example the Rural Housing Programme of the Housing Ministry is a dismal feature. Programme for village industrialisation with separate targets for the Weaker Sections should have high priority. Animal Husbandry Programme, large scale Reclamation of saline and other waste-lands should rank next. As the financial resources are limited, the best arrangement would be apportioning funds for certain schemes which will primarily be of benefit to the weaker section. Water-Supply, Housing, and Labour Contract societies are some of the schemes which will also meet the needs of the weaker sections. Revision in the loaning policy (loan should be advanced for the production purposes) is *Sine quanon.*

3.3. Co-ordination is a difficult job. The block has been accepted as a unit of planning. The most appropriate arrangement will, therefore, be to strengthen the Block agency for achieving co-ordination. The various other operating agencies such as Khadi & Village Industries Commission and Social Welfare Board should channelise their programme through the block organisation. Panchayat Samaiti should look after this task, and at district level the Zila Parishad should take care of this subject. Co-ordination Committees at divisional and State levels are recommended.

3.4. It is desirable and useful to pool the resources at block level. This will facilitate a broader overall approach to the block area and special attention and funds can be given to deal with the problems of the weaker section. Though there will be difficulties in the inintial stages, if technical advice and guidance is provided by the respective Departments and their co-ordination is sought at both formulation and implementation stages of the programme, the problem can be solved more effectively. What is really needed is the change in the attitude of the programme officers. There should not be any confusion about co-ordination in their minds. Orientation training of these officers is recommended. Decentralisation of administrative and financial authority will be another step required to deal with the problem more effectively.

3.5. Yes. The State Government and the District authorities should also have the right to review the position and give directions to the block or district authority to take up schemes of benefit to the weaker section.

3.6 & 3.7. One section believed that it should be possible to earmark some of the funds for certain schemes which are of special interest to the weaker section. Housing, water supply, and labour contract societies, for local work are suitable schemes in this regard. The allocation should be in proportion to the percentage of weaker section to the total population. The opposite trend of thinking is that prior earmarking of funds for being utilised for the weaker section would be too theoretical. As problems are bound to differ from area to area, uniformity in the policy will be difficult to achieve. What is needed is the association of the people, confidence in the people, giving them freedom to formulate such programmes as will benefit the weaker section also. And as such there is no need to apportion funds.

3.8. Those who considered that earmarking of funds could be done suggested the following appropriate arrangements :—

(a) There should be a supervisory officer at the block level with sufficient authority.

(b) The Block organisation should submit six monthly evaluation report.

(c) Supervision from officers at higher level should also be active and aim at guidance.

(d) District Evaluation Committees consisting of beneficent departments and legislators and social workers should be set up.

(e) Periodical conferences of the Panchayat Members from the weaker sections at block level and from Zila Parishad at district level should be organised.

(f) A separate standing Committee (Sub-committee) or the Panchayat Samiti with adequate representations of the weaker section should be constituted for this purpose.

(g) Chief Minister should be the incharge of the port-folio, and a State-level Committee represented by M.L.As. and women should review the progress quarterly.

(h) P.E.O. should continue to evaluate periodically.

SECTION 4.—SPECIAL PROGRAMMES

4.1.—(a) Co-operative Farming.—Two States, namely Punjab and Maharashtra, have reported progress in this field. In Punjab efforts have been made to include marginal land-holders and landless labourers of the weaker sections of the Community to form joint farming societies. During the 2nd Five Year Plan these societies were given aid for construction of godowns, purchase of agricultural implements and machinery. In the 3rd Five Year Plan Government will participate in share capital of societies, advance long and medium-terms loans for construction of godown-*cum*-cattle sheds. In Maharashtra, co-operative farming societies on Government waste-lands for the settlement landless labourers have been formed with liberal financial assistance. Cultivators whose economy was marginal have been benefited a great deal. There were 230 such farming societies as on 30-6-60.

(b) **Service Co-operatives.**—While Assam has taken steps for organizing service co-operatives, Maharashtra, Gujarat, Punjab, West Bengal, Bihar and Madhya Pradesh have reported satisfactory progress and benefited the weaker sections of the community.

4.2.—Soil Conservation and Land Development Schemes.—Punjab and West Bengal have reported the progress of these schemes. Weaker sections are benefited to the extent that they provide the labour for this purpose.

4.3. Grain Golas.—Credit in kind has been provided by these Grain Banks in the slack season. Maharashtra is reported to have organised 297 such depots. In Bihar and West Bengal also these have succeeded, where there is tradition.

4.4. Agro-Industrial Units in Mandis or Blocks sub-Centres.—U.P. is reported to have four cluster type training-*cum* Extension Centres in each District. These Centres are mostly located at the Block Headquarters or in the important Mandis. By and large these centres train a good number of personnel from the weaker sections.

4.5. Nutrition Programmes.—The distribution of UNICEF skim milk as a part of the State Scheme is reported to be benefiting the weaker sections in Maharashtra State.

4.6. Fishery, Poultry and Pig breeding.—Three States, namely Gujarat, Madras and West Bengal reported that the schemes in these fields have benefitted the weaker section to a great extent.

4.7. Compulsory Primary Education and provision of books, clothes and mid-day meal to the children of the poor.—Madhya Pradesh, Punjab, Madras and Bihar have reported that benefits accrue from the schemes to the weaker sections.

4.8. Labour Co-operatives.—Punjab Labour Co-operatives are reported to have done a great deal of good for idle labour. In Maharashtra, Forest Labour Co-operatives deserve mention. Madras has also organised a few such societies even when these have been, as expected, opposed by the rich contractors.

4.9. Rural Housing Schemes.—West Bengal has commended her scheme 'Build Your Own House'.

4.10. Crafts and Handicrafts for Women.—Almost every State organised Crafts and Handicrafts Centres for women. Women and girls from the weaker sections have benefited from these centres. If marketing and organisation improve, the benefits will be manyfold.

4.11. Gramdan and Bhoodan.—Bhoodan and Gramdan are reported as schemes of great potential value. Madras has pointed out that the programme is, however not commensurate with the magnitude of the problem.

SECTION 5.—PROGRAMME FOR THE UTILISATION FOR RURAL MANPOWER

5.1 (i) A majority was in favour that the Panchayats should be given substantial credit and grants-in-aid facilities to undertake productive works, specially in the slack season. Weaker Sections will be benefited to a great extent if the wage rate is fixed a little below the market rate.

As regards the second point regarding earmarking of a portion of land revenue, opinion was divided. The case against was that earmarking of funds on a permanent basis will create rigidity and is unsuitable in view of varying needs of areas. The best arrangement would be that the Panchayats should levy taxes within their jurisdiction to carry out their programmes or a certain proportion of land revenue is given to Panchayat Samitis on the basis of requirements of the area from year to year or five years. The other view was that the Panchayats may have all the funds at their disposal and be left free to formulate such programmes.

In addition to the programmes mentioned, systematic, well-designed methods, and progressive demonstrations, for the improvement of land use will also go a long way to solve the problem.

The third view was that the panchayats with no administrative means and technically skilled staff for work of this nature (soil conservation, etc.) cannot perform these functions. Hence question of giving finances to the Panchayats does not arise. Even the Panchayat Samiti should function as an agent of State Govt. in the matter of executing a scheme for afforestation and soil conservation. Panchayat Samiti can, however, be allowed to undertake the minor irrigation programme.

(ii) Even though Khadi & Village Industries Commission is doing something regarding industrial co-operatives yet this suggestion in general does not find favour with majority because of the following reasons :

(a) Limited resources of the State and Centre.

(b) Limited resources of Panchayats themselves.

(c) Weaker Sections will look to Government more and more and ultimately become dependent completely.

(iii) The obvious and direct methods are—

(a) To reduce the value of the share.

(b) Loan should be advanced on the borrowers' ability to pay after he has used the loan for the purpose for which he has borrowed it.

(c) Mehta Committee Reports suggestion that the share capital may be subscribed in instalments and the loans should be given on the basis of subscribed (and not paid up) for a limited period of 3 years during which the instalments will be paid.

(iv) *A difficult responsibility.*—Because panchayats do not have administrative machinery as well as technically skilled personnel. As regards allocation of finances to Panchayats on the basis of needs of the area, replies to Questionnairs 5.1.(i) may be seen.

5.2. Madras and Maharashtra have issued instructions regarding the Pilot Projects. Kerala, Madhya Pradesh, and West Bengal have initiated these projects. In Madhya Pradesh, however, it has been pointed out that very small funds have been made available for various items of the porgramme, and therefore, the programme touches only the fringe of the problem.

It has also been suggested that there should be a system under which the person who does not contribute labour will in lieu of it have to pay in cash and this cash payment should sufficiently be higher than local wage rate, say Rs. 5 for labour worth Rs. 2.

(a) *West Bengal.*—A training-*cum*-production centre is set up to train boys from these classes in an industry which is suitable for a locality from the point of view of availability of raw material and facilities for marketing. A part of stipend paid is deducted/accumulated to the credit of the particular trainee. After training they are encouraged to set up a co-operative. The equipment is given to them for use. 150 training-*cum*-production units of this type have been set up in the State so far.

(b) *Bihar.*—(i) The Bihar State Khadi and Village Industries Board stocks raw materials like cotton, oil seeds and paddy for supplying the same to Co-operatives of artisans engaged in Village Inustries. The State Board stocked and supplied cotton worth Rs. 6,75,037 to spinners engaged in Khadi spinning, paddy worth Rs. 2,76,000 in 1958-59 and Rs. 4,46,000 in 1959-60 was also stocked and supplied to co-operatives of poor handpounders. There is a plan to stock paddy worth Rs. 5,00,000 in 1960-61. Similarly oilseeds worth Rs. 4,05,938 in 1958-59, Rs. 62,088 in 1959-60 and Rs. 6,26,430 in 1960-61 was stocked and supplied to co-operatives of oil-men engaged in the Village Oil Industry.

(ii) The State Board has organised 1,548 Industrial Co-operatives of poor artisans representing weaker sections of the village community. Out of the co-operatives, 1,113 have been financed by the State Board in the shape of grant, loan and subsidies. Improved implements have also been distributed to poor artisans at subsidised rates. In the area where it has not been possible to form Industrial Co-operatives, financial assistance has been given to Multipurpose Co-operatives of which the weaker sections of the village community are also members and they are engaged in Village Industries. Besides Multipurpose Co-operatives, financial assistance has also been given to registered institutions. The number of these multipurpose co-operative societies and registered institutions is 102.

(iii) The State Board has made arrangements for marketing of products of the above mentioned co-operatives and institutions. The State Board have opened four big emporia at Patna, Jamshedpur, Muzaffarpur and Bhagalpur, for sale of Khadi and Village Industries products. Besides, 53 small Khadi Bhandars and 12 Gramodyog Sale Depots have also been opened through Co-operatives and other instituions. The State Board also gives management grant to selling agencies run by the oilmen's Co-operative Societies and Potters' Co-operative Societies. The State Board has also a programme to open one sales Bhandar of Khadi and Village Industries product in C. D. Blocks of the State.

(iv) Training programme under different village industries implemented by the Bihar State Khadi and Village Industries Board has provision for training of either supervisory and technical staff to be appointed by the Board or the traditional artisans engaged in the industries in improved technique of production. These artisans do come from the weaker sections of the village community.

SECTION 6.—ORGANISATIONAL SET UP AT THE CENTRE AND STATE HEADQUARTERS

6.1. The most appropriate arrangement would be to have Committees both at the State and the Central level to advise Government on different programmes for weaker section. One view was that these Committees should consist of representatives of different political parties. The representatives should, however, possess experience and enthusiasm for village development work. Others were in favour of departmental committees *i.e.* at State level. It should consist of Development Commissioner, the Secretary of C.D., Co-operation, Agriculture, and various other Heads of the Department concerned with the programme. This Committee should prepare a draft report every year on what has been done and the problems that are being met in the field. The report should be discussed in the State Cabinet and necessary action taken to remove the difficulties at the Centre.

6.2. A similar Committee of the Secretaries of the concerned Ministries *e.g.*, C.D., Agriculture, Industry, Labour, W.H.& S., Home Affairs, and Commissioner for Scheduled Castes and Scheduled Tribes with a representative of the Planning Commission should be constituted. It should examine the position periodically and also prepare a report which, if necessary, can be discussed at a meeting of the Ministers concerned.

6.3. The following suggestions were also made in this connection :—

(a) More power should be given to Informal Consultative Committees of the legislatures.

(b) At the Centre there shold be a Special Officer for the purpose of co-ordination in the Ministry of C. D. & C.

(c) At the State level the C. D. programme should be under the charge of the Chief Minister, while at Centre a senior Cabinet Minister should hold the portfolio.

(d) The C. D. Organisation is the best existing arrangement and therefore every effort should be made to help the programme to be increasingly more effective.

Appendix IV

NOTES ON THE PROBLEM OF AGRICULTURAL LABOUR AND AN APPROACH TO INDIAN PLANNING

Gokhale Institute of Politics & Economics, Poona

No. 501 /61-62 *June* 24, 1961.

Dear Shri Jagannathan,

(I am sorry I failed to reply promptly to your letter No. RJ/S-G/2/61-C1 dated 18th May, 1961.)

The weaker sections of the village community in India are in the main (1) Landless agricultural labour (2) Members of most scheduled castes in rural areas and (3) Members of the scheduled tribes. The majority of the problems of the two latter classes are covered in the general considerations of the problems of landless labour. Members of the scheduled castes in rural India are in most regions agricultural labourers and have little or no land. In their case, a series of social disabilities are added to the handicaps of the landless labourer's status. Therefore, in relation to them the programme of improvement of conditions of landless labourers has to be specially adapted and efforts made to lift the particular handicaps to mobility and entry from which they suffer. In relation to members of scheduled tribes the probelms are again not different, where they form a minority of a settled agricultural population. In areas where they form the majority and set the pattern of economic life their problems have to be dealt with specifically for each area and region and could not be embraced within a general programme for the weaker sections of village community.

I acted very recently as Chairman of an Agricultural Labour Committee appointed by the Plan Consultative Committee of the Government of Maharashtra. In relation to the general problem of agricultural labour I enclose herewith copy of a note submitted by me to the Committee referred to above as also a copy of a general note on "Approach to Planning" which I believe, has some relevance to the deliberations of your Committee. As all that I have to say on the subject is embodied in the material that is being sent to you, I am not sending any separate specific replies to your questionnaire.

Yours sincerely,
D. R. GADGIL

Shri. R. Jagannathan,
Secretary of Study Group,
Ministry of Community Development and Co-operation,
New Delhi.

THE PROBLEM OF AGRICULTURAL LABOUR

BY

D. R. Gadgil

This brief note attempts to summarise the main issues raised by the second reference to the Committee and indicates some directions in which reorganisation of existing schemes or the launching of the new ones could be examined. In the ultimate analysis the problem of surplus rural labour is supposed to be solved only by all sided economic development; the main features of this would be much greater efficiency of

production in agriculture and the availability of diversified non-agricultural, particularly industrial, employment in such volume as to absorb much larger proportions of the rural population than at present in non-agricultural employment. The above has been generally widely accepted, but its full implications do not appear to be realised, in practice, in planning; in Indian conditions this involves much more than general progress towards industrialisation. Existing under-employment in rural areas and the rate of growth of population in the country make it incumbent that early industrialisation of the countryside should be attempted to as large an extent as possible and that all plans of industrialisation should deliberately be oriented towards this end. This is necessary to avoid the difficulties and costs of large-scale migrations and to ensure the employment of large numbers at increasing levels of per capita output. In so far as the deliberate adoption or continuance of backward techniques hinders the process of development itself, the only way to reconcile adoption of advanced techniques with relatively large employment is to adopt the techniques for units of the smallest economic scale and to disperse them over the country. The increased costs involved in small-scale are, in this instance, compensated by the dispersement which reduces costs in relation to movements of goods and the higher overheads involved in operation at large centres of population.

The above has a number of immediate implications for state plans. Firstly, that the planning of socio-econimic overheads such as transport, power, water supply, credit and marketing facilities should be made very widely available. Secondly, it indicates undertaking large programmes of conservation and development of natural resources all over the country. This is necessary in order to give some base to the programme of industrialisation. Thirdly, it emphasises the urgent need to do nothing which will make impossible future developments in the direction of dispersed industrialisation. One of the most important aspects of immediate action implied in this is that large-scale units of industry using of resources which could become the basis of dispersed industrialisation should not be allowed to be established. The keenness to establish immediately large industrial units in the State, may it is feared, jeopardise future decentralised industrialisation. The immediate danger appears, in this connection, to be that of preempting existing supplies of molasses, bamboo, etc.

Turning to more direct aspects of the problems it may be noticed that the agricultural labour class is constituted of diverse elements and in view of the enormity of the problem it would be desirable, if possible, to deal with problems of each constituent element separately. Members of aboriginal tribes and a number of rural artisan classes are important elements among agricultural labourers. Increased employment of these classes should, as far as possible, be brought about by special measures. The development of the areas of the aborigines in relation to both agriculture and forest produce may to a large extent look after the problems of aborigines. In a similar manner rural artisans as a class should be provided for through rehabilitation of their industries. There are in operation today a large number of schemes in relation to important rural industries. Unfortunately, they form part of work of particular Commissions and are never properly integrated into general local or state plans. Again, their inclusion in the work of commissions like the Khadi Commission gives programmes in relation to them a turn inappropriate to a plan of general development and makes them largely ineffective. It is, therefore, neces ary to consider all these as forming parts of one plan of industrial development. A few specially important problems may be indicated in this context. From a variety of points of view, problem of flaying of dead animals, and tanning of their hides and skins constitutes a difficult but urgent problem which cries for an immediate constructive solution. Its neglect is currently causing loss of considerable national resources. A solution for the problem on a state-wide basis would prevent loss of these resources and would afford considerable immediate employment and also a broadened base for further industrial production. Two other special artisan problems which require attention in a similar manner are the problems of potters' wares and the problems of communities engaged in rope and basket making. In all these directions, large-scale experiments and organisation of co-operatives of artisans on new types of production with new methods are necessary. An important lacuna in most schemes of rehabilitation of artisan industry at present is the lack of guaranteed purchase. This is extremely important for obtaining early, full production.

All this would still leave unconsidered the bulk of agricultural labour, not associated with any other occupation than agriculture. Before proceeding to deal with this central problem I may offer some observations on an important characteristic of the data placed before the Committee. This is the difference in proportions of agricultural labour as between West and East Maharashtra. I suggest that this difference is, in the main, due to the historical difference in systems of land tenure. Under the Rayatwari administration of old Bombay State, land ownership and cultivating possession of land were both relatively widely dispersed ; under Malgujari form of tenure, on the other hand, there was a much greater concentration of ownership and cultivating possession. As a result in the West rural population was dispersed to a large extent on small holdings cultivated by the farmer-family itself. The much larger proportion of large holdings in the East reduced the proportion of small family farms; it created, on the other hand, demand for permanent farm servants on the larger holdings. This appears the main explanation of both the higher proportions of agricultural labour in the East and also of higher proportions of attached labour in that area. The above is relevant to the work of the Committee in so far as it would indicate that even after a measure of land reform the present disparity in proportions of agricultural labour within the two regions will persist. A ceiling may take off some land from the top holders in the eastern areas ; it could, however, not have any effect on the large majority of cultivating holdings and would not redistribute them in the relatively graded manner in which they are at present distributed in the West. Therefore, while the surplus land afforded by a ceiling may give partial employment in agriculture and as agriculturist to small additional numbers, it is not likely, in any significant manner, to reduce existing numbers of agricultural labour families.

To return to the core of the problem of agricultural labour, it may be taken for granted that any increase in the intensity of exploitation will not solve what may be called the numerical aspect of this problem. Increased intensity is likely, for the major part, to afford larger employment, in the first instance, to members of the farm family, in the second instance, to farm servants employed by it and thirdly to casual labour in that area. Considerable intensification of agriculture in any area will thus result, in the main, in reducing underemployment in that particular area, but would not create substantial employment for new people within it. This connects with another aspect of the problem of agricultural labour. This is that basically the magnitude of the problem has to be measured essentially with reference to the levels of income and standards of living of rural labour in any particular area. All surveys and enquiries reveal that in the areas in which agriculture is intensively developed agricultural labour not only obtains employment more continuously throughout the year but also obtains it at higher rates of wages than elsewhere. Therefore, in such areas and their immediate environment the problem of agricultural labour is not as intense as elsewhere.

The Committee could, therefore, begin by paying special attention to the problem in particular areas. One may take for granted that efforts to intensify the development of agriculture will proceed according to plans and these will give some relief in the areas where increased intensity is possible. For the other areas the problem will have to be tackled in other ways. The main types of regions in Maharashtra where a special study of the problem has to be made appear to be as follows. There is, in the first instance, the areas of the Konkan and the Naval parts of Desh where problems are similar. This is a tract whose agricultural economy is based on a single crop of rice during the monsoon, where communications are difficult and the food grown is hardly sufficient for six months of the year. In many parts of this region, the aboriginal population is in considerable numbers. The dry areas of portions of districts like Ahmednagar, Poona, Satara and Kolhapur and large parts of Sholapur with uncertain rainfall and an annual precipitation below 20 inches constitute the second region. This region again is of single crop economy and specially subject to periodic failures. The other two regions are the regions of Marathawada and Vidarbha. It may be noted that while in the first two regions the proportion of landless labour is not large, their total income and conditions of living are among the worst in the State. In Marathawada and Vidarbha, on the other hand, the proportions of labour are high but their incomes especially in Vidarbha are relatively good.

The solution for the different problems of each region or each type of region will have to be elaborated separately. However, the general approach may here be indicated. The approach has to be that of evolving a programme of continuous action whose constituent elements mutally support each other and which meets with both short and long term requirements. The immediate requirement is to afford, through additional employment, the much needed additional income to agricultural labour families ; but the immediate employment programme must be so framed as to subserve long-term needs. The ultimate need is to industrialise the countryside ; however, this can be done only if a wide base of resources is built up, for this purpose, in the rural areas. Therefore, the employment programme should be directed towards this objective of conserving and developing, as rapidly and intensively as possible, natural resources of each area and region. Everywhere the immediate step is to frame a diversified programme of public works capable of being sustained over a series of years, undertaken and executed annually somewhat on the lines of a relief works programme. And this programme should comprehensively embrace all aspects of conservation and development of material resources and formation of social capital in the countryside. Works in connection with reclamation of lands, contour bunding, afforestation and tree planting, minor irrigation, road building, public and institutional buildings of all types, will obviously be included in the programme. Special attention may be drawn to the universal need in Maharashtra for taking urgent steps to conserve vegetation cover and develop intensively fuel and fodder resources. We are at present caught in a vicious circle of too many animals which are partly fed on too little pasture and too little cover giving inadequate resources of fuel and fodder with the result that not only valuable manure is burnt but also there is progressive and rapid cutting down of bush and trees. Large afforestation schemes in the hill areas and fuel and fodder depot schemes combined with useful tree and bush planting for each locality in the country are urgent needs. Though these could later become the responsibility, in the main, of local communities, a considerable amount of initial effort and expenditure has to be made by the State government, in particular, in experimenting with the best ways of dealing with this problem in different circumstances. This must be immediately undertaken and has very considerable employment potentialities. If this is systematically undertaken not only will the normal forest wealth and fodder and fuel resources increase but also additional wealth could be created in terms of specially developed pastures, of fibre plants like agave, of bamboo, copses, which will, in time, also yields a sound local base for related rural industry. But as long as the initial effort is not made, the cumulative effects can never become evident.

All this is further connected with an important aspect of development. This is animal husbandry, including the dairy industry, livestock rearing, sheep breeding and wool. The development of pastures, forests and other non-arable land has to be planned with this in view. In part, animal husbandry could be a whole-time occupation; however, its main function will be that of affording supplementary source of income and employment to agriculture.

There is another direction in which special effort, with considerable experimentation, is obviously indicated. It is well known that one of the areas in which considerable capital investment is absorbed in the process of development is housing. In Maharashtra, the problems of proper village layouts and of rural housing reconstuction are extremely important. For the most part, our villages present a dilapidated and straggling appearance and they are both inconvenient and insanitary. The evolution of model layouts and types of rural housing appropriate to each region must be systematically attempted and these have to be related both to local climatic conditions as well as to the availability of local material. In this direction, there are a number of employment giving occupations whose development could be encouraged, such as brick making, tile making and lime kilns. In this connection also, the practical implementation of what is often theoretically put forward, *viz.*, the use of local woods for construction purposes may be emphasized. Efforts in the past by the Forest Department have been reported, but practical development in terms of choice of trees and tree planting and actual use in construction seem to be non-evident.

I have deliberately made this concise statement of my views on the problem in a broad and comprehensive terms, because, in my opinion, the prevailing approach, as exemplified by the latest Planning Commission circular, of looking at the problem in a piecemeal and isolated manner is very worng. Agricultural underemployment and the low standards of living of agricultural labour are among the most important manifestations of underdevelopment and plans of development must be judged by the ultimate test of how they affect these phenomena. Therefore, I would insist that it is the total orientation of planning effort, as indicated above, that must be pressed for. If this is accepted the immediate steps for concrete action that I would suggest are as follows :—

1. Examination of the total state Plan to see in what respects it takes into account and gives importance to the objective of rapid industrialisation of the rural areas and what elements in the plan are likely to hinder progress in this direction.

2. Examination of current plans of transport, power, water supply, credit, marketing, education, public health, etc., from the point of view of creating, in a widespread manner, conditions favourable for decentralised industrialisation.

3. Examination of plans of conservation and development of natural resources, especially in relation to land surface not under arable agriculture, and of plans for reorganisation of village industry, of animal husbandry and of rural construction Industries from the point of view of widening the base of rural industrialisation.

4. Examination of existing total public expenditure programme in particular areas with a view to judging how far they can be arranged in time and space so as to provide maximum employment of the relief type to agricultural labour in the areas.

5. Examination of the volume of existing public expenditure programmes in relation to each major geographical division of every district and of the volume of potential employment created by them for judging of the gap that has to be filled by reallocation and reorganisation of plan expenditure if adequate additional employment is to be given to agricultural labour.

AN APPROACH TO INDIAN PLANNING

BY

D. R. Gadgil

I

At the outset, I shall make clear, the more salient assumptions made while drawing up the following note. I assume that modern science and technology are fully accepted by our Society. This acceptance is involved in all vital operations of socio-economic life in India. For example, our entire system of transportation and communication, which is used by everybody and is not found to be dispensable by anybody, is based on modern technology and can be run and maintained only through use of an immense variety of products of a number of modern industries. The present state of our public health is vitally dependent on familiarity with and use of modern scientific knowledge and the organisation of modern industrial production. One of the directives of policy incorporated in the Constitution asks the State in India to organise agriculture and animal husbandry on modern and scientific lines. Therefore, a valid objection to the use and adoption of advanced technical and scientific knowledge in any direction could be sustained only on grounds of lack of needed resources in terms of capital or personnel or through fear of undesirable socio-economic consequences of such adoption.

The second assumption made is that the plan for development of the entire community or society is under consideration and that the objectives, values and principles adopted for the plan must be applied uniformly in all aspects and further that the plans

for the agricultural and industrial sectors,the production and distributive systems and for employment and investment must be framed in a mutually consistent manner. This need for uniformity and consistency is also equally felt both in the temporal and the spatial aspects of the plans. Thus while the main orientation of the plan could be towards long term development, it cannot disregard the short run.This is because many immediate developments may latter prove irreversible, and may have a determining influence on long-term possibilities. The concept of each village as an independent, autonomous unit and the concept of cities as excrecenses on normal economic life also cease to be valid from this point of view. While for purposes of convenience, locational or regional divisions may be made in consideration of particular problems, the total plan must be fully correlated and co-ordinated. The notion of self-sufficiency at any level thus no longer remains a value. In relation to any unit or area, self-sufficiency or self-containedness as an aim of social or economic policy must be derived from accepted goals and principles of national policy. The full acceptance of modern science and technology would also require that no bias be entertained against division of labour or complex economic organisation. The ultimate goal of the attainment of a peaceful world society emphasises this trend of thought.

I also assume that the state is not treated as a foreign or alien body but is, in itself, a manifestation of social will and purpose, which can be given shape and function appropriate to current needs and values. In particular, in relation to poor and undeveloped societies, I take the State to be an important agent or instrument. It is necessary to emphasize, in this context, the great danger of translating to a society riddled with privilege and inequality, concepts appropriate to a basically egalitarian situation. The refusal to use the powers of the state in highly non-eglitarian societies under the name of liberty or Sarvodaya is tantamount to encouraging, consciously or unconsciously, the growth of evil forces and perpetuating social injustice. I assume, demcoratic process to mean the active participation of as large numbers as possible in the shaping and conduct of social, economic and political activity and that federalism and decentralisation are logically implicit in the demoractic process.

I may, next, summarily recapitulate the directive principles of state policy in the Constitution. These, though not enforceable by any court of law, are, it is laid down in the Constitution, "nevertheless fundamental in the governance of the country." The most important general terms used in these directives are 'welfare' and 'socail justice'. There is reference in a number of places to the prevention of 'exploitation'. The basic concern shown is that with the problem of poverty, that is, with employment and the standard of living. This is emphasized by a number of distinct references such as to (i) right to an adequate means of livelihood, (ii) living wage for all workers, (iii) raising the level of nutrition and standard of living and (iv) securing, within limits of economic capacity and development, the right to work, to education and to public assistance in case of unemployment, old age, sickness and disablement and other cases of undeserved want. Next to the prevention of exploitation and providing employment and raising the standard of living, the directives emphasize, non-concentration of the ownership of and control over material resources, their distribution as best to subserve the common good and securing that the operation of the economic system does not result in the concentration of wealth and means of production to the common detriment. Attainment of compulsory education upto the age of 14 years within the definite time limit of 10 years attached to it underlines the importance and urgency of the spread of educational facilities up to this level and there are references at many places to public health. In relation to specific aspects of activity, there is the directive to promote cottage industries and to organize village panchayats to function as units of self-government. All in all, the directives of the policy concentrate attention on employment and the standard of living and on non-concentration of economic power.

II

Against this background of the value system and priorities exhibited in the directives. one may look at the Indian plans as they have operated in the past and as projected for the future. On doing this the defect that becomes most evident is the almost entire neglect by the plans, of the employment and the standard of living aspects. The plans are neither oriented towards tackling these problems nor has any progress in

relation to these objectives been evident in the last ten years. It is enough for the purpose to cite two pieces of evidence. Firstly, the calculations made by the Planning Commission which show that even on the assumptions of the Commission, unemployment has been steadily increasing through the Second Five Year Plan period. That the plans have failed to make any impression on the general standard of living may be emphasized by reference to calculation of per capita availability of cereals and pulses set out in a table in the Economic Survey for 1960-61 presented with the budget for 1961-62. The per capia net availability of cereals and pulses in ozs. per day is shown in this table to be 15.4 in 1960 with a pupulation put at 423 millions. In the same series the per capita availability has been put at 15.7 for 1954, 15.5 for 1957 and 16·4 for 1959. With the higher rate of growth of population, as now revealed by the census, the disparity between the 1960 calculations and the calculations for the earlier years should prove to be even larger than that exhibited in this series. It would thus not be wrong to conclude that in relation to the basic component of the living standard there is a condition of stagnancy.

The problem of employment has a number of facets. In the first instance, labour has to be looked upon as a valuable resource, and the continued under-utilisation of this resource points to defective planning. Humans are also social liability in a society whose conscience is sufficiently aroused. As it is clear that a poor country with a large volume of under-employment or unemployment has not the resources to grant public assistance to the unemployed and to those in distress, the planning for employment of all becomes a doubly important objective. Therefore, employment planning ought to have with us the first claim on resources of capital and organization. It is important to spell out carefully the implications of this objective of employment orientation of the plan. The objective does not imply that employment, however given, at whatever cost, in whatever direction, is to be accepted as part of the plan. The plan is essentially a plan of economic development and employment orientation emphasises priorities without affecting end-objectives. The achievements claimed for such plans as the Chinese in the way of labour mobilisation are essentially achievements flowing out of the emphasis on employment orientation in planning. In a communistic country, presumably, the state accepts the responsibility of feeding everybody at a minimum level. Once this responsibility is accepted, then in societies as poor as China or India, there becomes or can, with a little appropriate organization, be made available a very large reservoir of labour which can be employed in a number of directions according to needs and possibilities. The availability of such a labour force can be a source of great strength. The planning of its use presents a difficult problem to which little attention has yet been paid in India.

Employment of rural labour lies at the core of this problem. This is not only by far the largest class in terms of numbers and the class which has the lowest standards of living but also the class which receives to the largest extent all accruals which result from the growth of population or technological unemployment because of development. Employment orientation of Indian planning must, therefore, essentially mean a determined attempt to tackle the problem of, actual or potential, surpluses of agricultural labour through a programme of employment which is in itself a part of development planning and which will increase the basis of resources and facilities on which future plans can be built. I have had occasion recently to write a note on this problem in Maharashtra. As this note is being circulated, I shall not dilate on this matter further.

Employment orientation should give a marked turn to planning in India. People in India live, in the main, in rural areas and are scattered over a very large number of villages and this rural population is growing apace. There is, currently, a relatively small movement away from rural areas or agriculture chiefly because of the lack of alternative opportunities. If this pattern of dispersal of population and the costs of movement are taken into account, it will be seen that not only in the short-run but also as a long-term objective providing employment in rural areas through decentralised and dispersed economic development is extremely important for India. The programme of conservation and development of natural resources and of the building up of socio-economic overheads throughout the countryside which could provide employment to rural labour immediately would also build up the needed—super and infra-structure for later dispersed industrial and other non-farm development.

In highly developed and integrated economies it can be taken for granted that forces of development generated in one place will soon have a decisive impact on other areas and activities. This is especially evident in urban industrial economies. It is not so evident in the rural sectors of some even advanced industrial countries. The experience of the last decade in India has shown that there is very little of automatic transmissionor spill-over of effects of development started in particular locations and activities. Therefore if development is a national objective and government bears responsibility equally to all regions and communities the plan must attempt to start or initiate development simultaneously in as large a number of locations and activities all over the country as possible. Undoubtedly this dispersal of effort will appear to yield immediately less dramatic results. But it will provide a sounder base for planning in the future and also avoid the accentuation of disparities which is one of the most serious features of the existing situation.

III

If one puts in the forefront the problem of employment and of the standard of living particularly as relating to rural labour in India, attention in the second instance must be given to the agricultural sector. In this context, observations may be confined to highlighting only a small number of points. In the first instance, it appears urgently necessary to arrive, as early as possible, at some stabilised pattern of the organisation of agricultural production. The concept of the ceiling has been generally accepted and it is good that recent legislation has emphasised the aspect of ceiling as limiting ownership and control of material resources rather than as a ceiling to individual incomes. If the Ceiling and Tenancy Laws together lead to the creation of a large body of small but viable farmers and of medium farmers, there will still remain the problem of the vast and increasing numbers of un-economic holders. Cooperative farming appears to have been agreed upon as the solution of this problem. Vigorous experimentation and explicit formulation of policy are necessary to accelerate progress in this direction. Equally, the total organisation of agricultural production requires immediate attention being paid to consolidation. The appropriate utilisation of land should be treated as a sub-problem of consolidation. The increasing pressure on land resulting chiefly from increase in numbers of uneconomic holders has led to an extension of the margin of arable cultivation to limits which are highly un-economic and which add significantly to the requirements of plough cattle. Consolidation and creation of cooperative farm should result in putting such areas appropriately under scrub, forest, pasture, grass, etc.

By and large, the investment of capital resource connected with spread of scientific practices in agriculture does not lead to any technological unemployment. The problem is raised only when machanisation is attempted in certain directions. However, with a large employment-oriented plan a certain amount of small-scale efficient mechanisation in peak period processes will become possible and advisable. There is thus large scope for investment and improvement in agriculture without fear of any deleterious consequences. Here the main difficulty is that connected with organisation. Our very large and dispersed numbers of farmers and farming units will have to be properly organised for the articulation, implementation and experimentation related to plans of development. If the cooperative organisation is accepted as the universal type, large efforts must be made and initial organisational and capital resources invested to bring this to a minimum level of operational efficiency within a short time.

The most important problem of the agricultural sector is, however, that of stabilisation of incomes. The experience of last ten years in India and in a large number of other underdeveloped countries shows that if a farming community is given stability and relatively favourable terms of trade, the problems of organisation, of acceptance of scientific ideas or of investment and capital formation become relatively tractable. The basic defect of Indian planning has been lack of a price policy and the large hazards to which the Indian farmer, the field crop farmer specially of the dry areas has been subject. Unless the terms of trade are secured at some minimum favourable level to the agricultural community, no general plan of development can be expected to succeed. It is equally necessary to insist that the full benefits of the terms of trade must accrue to

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the agricultural community itself. Processing and marketing play a crucial role in this context. As long as these are in other hands the major benefits of any extra margin is unlikely to be derived by the agricultural community. This is especially so, when the margin itself, because of lack of stability, is fluctuating. Stabilisation of prices, which represents the main avenue to stabilisation of agricultural incomes in India, is thus the central problem in relation to the agricultural sector; for, with relative stabilisation of prices, progress of cooperative processing and marketing should not prove difficult. However, as the accompanying note explains, processing is so crucial that it may become necessary in the initial stages of the stabilisation effort to transfer it immediately to the public sector.

IV

A plan of economic development is essentially a plan for industrialisation and, therefore, the approach to planning must define clearly the route and pattern of industrialisation that are envisaged. The insistence on dealing as fully as possible from the very initial stages with the problem of employment of labour, especially rural labour, will lead to an emphasis on the conservation and development of natural resources all over the country and spreading widely the network of socio-economic overheads. The proper organisation of the unit of agricultural production and the assurance of fair terms of trade to the agriculturists will result in better utilisation of land, greater productivity and broadening the base of agricultural production. This would still leave open the main problem of the stages through which industrialisation is achieved.

The approach adopted at the beginning of the Secnd Five Year Plan to this problem envisaged a differentiation of the field of industries into (1) production goods industries and (2) consumption goods industries. Among the latter, consumption goods industries producing products similar to those of traditional consumption goods industries were looked upon in a special manner. It was envisaged that, in fields like production of cloth, the increased supply would become available through better and fuller use of existing capital and personnel in the traditional handloom weaving industry and that no additional investment in the mechanised industry was required. The consumption goods industries whose products were non-competitive or only partially competitive with traditional industries were not put under such regulation. The path of industrialisation, though never spelled out in detail, was thought to be that of beginning with economic overheads and basic industries and going on to production of capital goods and intermediate products of all sorts. The theoretic framework of the pattern of industrialisation has never been constructed. The details of its actual progress have been worked out *ad hoc* and from time to time, in part through the development wing of the Planning Commission and, in part through the licensing of imports. The availability of foreign collaboration in given directions appears also to have shaped the pattern of industrialisation to a considerable extent. The present situation is obviously unsatisfactory. It leads inevitably to a heavy investment in building up particular production and consumption goods industries, without reference to any overall plan or perspective.

The most salient characteristic of a poor under-developed economy is the great relative paucity of capital resources. At the same time modern technological developments are associated with heavy use of capital resources and the raising of an adequate base of a modern industrial society requires initial investment, on a very large scale, in economic overheads and the basic production goods industries. In the past, this dilemma has been solved in some countries by beginning industrialisation with the relatively less capital intensive consumption goods industries and continuing to depend, for a large period of development, on imports of products of capital goods industries of other countries. However, this imposes higher costs in the long-run and makes assured planning of a programme of industrialisation difficult. Therefore, in the more recent types of planned industrialisation heavy capital investment in economic overheads, *e.g.*, the transport and power systems and basic production goods industries such as steel and heavy chemicals is undertaken at the earliest stages. This is supposed to reduce costs, shorten the period of industrialisation and make for greater self-containedness. Unless, however,the balance is maintained evenly, industrialisation brought about in this manner may impose severe unnecessary hardships on the people and may, in the long run, not even prove more speedy or efficient.

The dangers and defects brought out by the history of the last decade of industrialisation in India may be noted at this stage. As pointed out above, rural labour has been starved of complementary capital resources and this has happended in considerable part with agriculture also. Not only is this mal-allocation a source of unnecessary distress but it is also bound to retard the development of natural primary resources. Immediately, even a more damaging result of this mal-allocation is that it increases concentration of control over material resources within the nation, and increases greatly the disparities in wealth and income between the capitalistic classes and others and between the town and the country. The present plan of industrialisation in and through private hands results in allocating an increasingly larger and larger share of scarce capital resources to a small class of capitalist businesses. It is in this class that modern finance, industry and trade have been, through historical development, concentrated and it is members of this class that are in a position to take advantage of the allocation of capital resources to the modern industrial sector. The largest surpluses accrue to this class, because of the heavy allocation of capital resources and their utilisation of most modern techniques and these surpluses are naturally retained within the class. This concentration of capital resources and surpluses leads to very serious distortions.

The distortions are the results of many types of influences. In the first instance, because of inadequate planning and regulation, capital resources are used for investment in directions which obviously do not or should not command high priority in the national plan of industrialisation. The classic instance in this regard is that of the establishment and expansion of the Rayon industry during the Second Five Year Plans period. Such distortion does not mean merely an initial allocation of a volume of capital resources wrongly, but does also, through creating a block of investment and interest preempt a continuous stream of future capital resources in the wrong direction. The most serious distortion, however, comes through the distortion in income distribution to which the present allocation of capital resources in the plan of industrialisation inevitably leads. The allocation of heavy capital resources to certain classes operating chiefly from the biggest cities leads to a concentration of surplus in their hands rapidly increasing their relative income and the incomes of those connected directly or indirectly with their activities. A progressively disproportionate share of the increase in the national income is thus inevitably concentrated in these hands. This concentration of income increments strongly influences nature of effective demand for consumption goods which in turn affects the composition of productive industry. The phenomenon of a stagnant demand for coarse cloth while the demand for rayon goods and air-conditioners and refrigerators and private cars are buoyant is a reflection of the distortion of income distribution. This distortion naturally leads to distortion of the production system through making investment in production of air-conditioners or refrigerators or rayon goods specially profitable. The relative profitability in terms of market pricing of various investments may be a sound guide for capital allocations in a fairly egalitarian society. In a society in which inequality is great and is rising, the market prices as guide for long-term capital investment are obviously completely misleading. However, at present industralisation in India appears to work chiefly through this guide; it cannot work otherwise because of a number of basic aspects of present economic policy.

The first important such aspect of present economic policy is dependence on the accrual of saving in the hands of the private capitalists and the leaving of a number of important investment decisions with these. The decision to leave the accrual of savings in private hands necessarily gives a trun to fiscal policy. This has a number of aspects such as levels of direct taxation of individuals and companies, tax concessions of various sorts, orientation of import licensing, etc. all of which ultimately have the same result. They increase to such high extent the personal and corporate incomes controlled by the small group of high capitalists, that they and their associates, after indulging in the highest personal consumption expenditures by modern Anglo-American standards, yet have sufficient capital resources to invest in the private sector in modern business.

As if the distortion brought about by this basic policy was not enough certain special accentuators have been added to it in recent years. These are the twist to import licence policy in the supposed interest of export promotion and the role of foreign collaboration. Both import and export licensing have throughout the plan decade been

controlled *ad hoc*, and have never been explicitly connected with a path of industrialisation and never formulated in relation to long term planning. The latest phase of import licences for export promotion leads to granting import licences in a special manner for a supposed increased in exports, whose overall results and long-run future are doubtful and have never been examined. The only effective result of this policy is to expand, obviously disproportionately, capital allocation in given direction. And the initial step has continuing cumulative effect. The favoured industrialists not only obtain allocation of currently scarce foreign exchange for importing capital goods and raw materials but also in the process expand the base of production industry in their control; this must in future progressively attract, according to present policies, higher and higher allocation of capital resources and foreign exchanges. The policy seemingly directed towards immediate export promotion thus is really meant for, or at least results in, even a more disproportionate allocation of capital resources to a small class than would happen otherwise.

The other accentuator is the special encouragement to private foreign business investment. This again inevitably leads to concentration of capital resources in the same class as before. Foreign collaboration means billionnaire talking to billionnaire; and to the quantum of resources that are brought in through collaborational of the foreign collaborators have to be added additional allocations of internal resources to the Indian partner for completing the transaction. The results as apparent today are not surprising. The relative success of the plan is supposed to be in modern private industry. This has the amplest allocation of capital resources and can because of its control over surpluses command the best qualified personnel and through foreign collaboration the latest know-how also. In spheres other than that of modern business, the organisational problems are of immense difficulty because it is in this sphere that mere imitation will not do. The personnel here is the most untried and capital resources very inadequate. But the relative success of modern industry is itself considered to be a strong .reason for continuing the existing patently unequal allocation of resources.

V

Before presenting the alternative approach it may be noted tnat present trends in the economy threaten to limit the possibility of radical adjustments in the future. These main trends are the concentration of capital resources and economic power in a small number of hands, the concentration of industrial population in the largest urban centres, highly disperate rates of growth in sectors and locations, no programmes of social security, and continuing low standards of living. There is no hope that any of these trends will be reversed during the next ten years if present policies continue and if they are not reversed during the next five years or so then developments will have gone too far to be reversible. The path of planned development that we have adopted, with its emphasis on forced growth of basic and capital goods industries, is largely modelled on the experience of the communist countries. However, the programme of development along these lines in communist countries is protected by a number of concurrent measures. In the main, these are (i) basically egalitarian distribution of incomes and the destruction of economic power residing in private interest groups, (ii) detailed control over the prices and distribution of consumption goods and detailed planning of the types of consumption goods industries set up and of consumption goods produced. This is combined with the assumption, from the beginning, by the state of basic responsibility towards minimum provision of food and consumption goods and for finding work for all. None of these safeguards are available in the Indian plan. The alternative path in the capitalist countries has usually led to initial investment in the less capital heavy industries so that the distortions induced by industrialisation are not at least initially, too great. Further, the much greater responsibility thrown on the industrial classes to find their own capital respources and to shoulder risks imposes on them consumption restraints, as in Japan, which keep the inequality in distribution of incomes and consumption levels from becoming too great. The attempt in India to follow the communist route of planning combined with protection to high industries but little protection to farmer or consumer has the result that we have the worst of both the worlds.

The result of continued operation of present trends will be unrestrained growth of metropolitan centres, continued disintegration of rural communities and stagnancy in many agricultural areas and buoyancy and rapid growth in industries producing luxury or semi-luxury goods. The whole process will also be wasteful of capital resources. It may be assumed that where the demand for consumption goods is not highly varied and can be satisfied with large production of a restricted number of standardised types, the investment of capital per unit of consumption goods will be lower than where demand embraces a large number of luxury items, there is little standardisation and the demand for each type is relatively small. The latter type of development is not appropriate to poor countries and they cannot afford it. It is still the type to which present trends lead in this country.

In framing the alternative approach I accept the initial division of production goods industries and consumption goods industries contemplated in the Second Five Year Plan. I would add a further three-fold division of the production goods industries, *viz.* (1) the economic overheads *i.e.* the transport, power and other systems (2) The basic industries such as steel, coal and other minerals, heavy chemicals, etc. and (3) industries producing the capital goods required by the consumption goods industries.

I start with the proposition that in the ultimate analysis the whole development is geared to a greater *per capita* availability of consumption goods and that the pattern of capital goods industries (class 3 above) has to be related to the composition and technique of consumption goods industries. This, in its turn, is dependent on the extent and nature of demand for consumption goods and decisions regarding the technique and location of consumption goods industries. Basically, therefore, in a plan, which is drawn up by reference to a stage of development to be reached sometime in the future, the central requirement is to project a picture of consumption requirements at the time in the future. This projected picture of consumption requirements has two important aspects. It involves firstly a projection of the distribution of incomes in society. Obviously, the demand for consumption goods with a distribution as highly unequal as that of today in India will be very different from the demand for consumption goods if we attained the equality of distribution of incomes similar to that of even U.K. or Japan. The second factor is the projected pattern of industrialisation, especially in relation to location and technique.

At this stage, some values and considerations which might be, in part, extra-economic have to be introduced The main relevant value in this context, is that attached to the development of dispersed and decentralised industry. This value can be derived through the importance attached to dispersal of population over space, and the avoidance of conurbation and to units of productive activity being relatively small. Alternatively or in addition the value can be derived and the programme justified on the basis of the limiting conditions of development in a poor country with a large population. Our population is dispersed over rural areas mainly in units of less than 5000 population, and the population is growing fairly rapidly. The experience of the last decade shows that even with a significant increase in the production of modern industries, urbanisation, as a whole, does not take place at a rapidly increasing rate. At the same time, the worst aspects of urbanisation such as concentration in metropolitan areas and mounting up of economic and social costs such as strains on the transport systems, and virtual non-existence of housing and degarding conditions of living for large masses of urban population are being accentuated. This, in spite of the fact that the bulk of plan resources made available for housing and improvement of urban amenities are allotted to the largest metropolitan centres. The growing concentration in these centres with growth of misery and stagnation in the countryside can be avoided only by taking a radically different view of the future pattern of growth. Unless industry is deliberately dispersed and decentralised neither the problem of the great cities nor those of the villages can begin to be dealt with. If this is accepted and if relative equality in distribution of incomes can be achieved, the pattern of consumption goods industries of the future will become definitely oriented towards mass goods production in dispersed locations.

The chief problem here is to make this compatible with efficiency in production and with the process of development. Unfortunately, the case for this has become weak because of the almost entire failure of the Khadi Board and related organisations during the Second Five Year Plan period. Instead of following proper developmental programmes, these wasted resources in what were not even effective relief measures. In the same manner, the common production programme approach was not kept up in the reorganization of handloom industry so that there was neither efficient development of that industry nor any serious contribution by it towards additional supply of cloth for the masses. The whole of this programme, therefore, needs to be re-examined from two points of view: The first is the strictly short-term point of view of avoiding technological unemployment. This problem is confined to a few widespread rural industries and cannot be effectively tackled by the older Khadi and Village Industries approach. The approach here has to be on the one hand to insist on a common production programme and on the other, to move at a fast pace at improving the technique of traditional industries. In this sphere the main hopeful development during the last five years seems to have been in the direction of some research related to mechanisation of village industries which involves the adoption of a much wider view of possibility of combination of techniques than were visualised formerly. This is best exemplified in the recent work of the Central Research Institute at Wardha. (The implications and the directions of the work are set out in brief in an article by Dr. M. Sadashivan on mechanisation in village industries in Khadi-Gramodyog. The technical improvement and part mechanisation of a village industry may enable it to produce mass consumption goods more efficiently and cheaply or it may, as in the case of handmade paper, be oriented towards the production of highly specialised costly goods. In the latter case technical transformation will add an efficient source of supply for certain types of goods required in the economy but will make no contribution towards production of mass consumption goods.

The second and the long-run point of view which transcends the problem of technological unemployment presents a continuing problem for the whole period of development. This is that of increasing adoption of modern techniques and scientific advance in an efficiently decentralised industrial sector producing intermediate goods and goods for mass consumption. This is a matter in which the approach adopted in village industries research has to be greatly widened. There has, in the first instance, to be some broad division of total products or goods which in the modern context can be produced in small units and dispersed locations and those others which can only be produced efficiently in large-scale units employing the most capital intensive technique. When comparing, in this context, the efficiency of smaller units with the larger, allowance will, of course, have to be made for compensating advantages of dispersed industrialisation. In the main, these are represented by the savings of costs and overheads, such as of transport, housing and civic amenities and may also be represented by somewhat smaller monetary wage payments.

The general technical problem in this path is that of the breaking down of discontinuity. There is not at present sufficient research and experimentation regarding methods of efficient production at various levels of use of capital or scales of production. In continuously advancing industrial societies, with an already varied and large base for the economy, there is no inducement for such experimentation. It is, however, of the utmost importance in India to establish a path of continuing efficient production at various levels of combination of resources in varying sizes of establishments.

The approach thus sketched briefly accepts immediate and continuing investments in the transport and power systems and in the basic industries. It would suspend the further extension of the machine industry which produces consumption goods and try to meet the increased demand for consumption goods through increased production of traditional industry using improved techniques or new dispersed and decentralised industry. The evolution and planning of industry producing the capital goods required by consumption goods industry would then be related to the character and extent of the new dispersed industry. This approach assumes

a number of measures: It would require (i) elaboration and full implementation of the idea of common production plans, (ii) regulation of investment in consumption goods industry and industry producing capital goods for them, (iii) vigorous experimentation in establishment of efficient decentralised industry and above all (iv) prevention of a premature increase of the demand for luxury and semi-luxury goods.

In the absence of appropriate and careful planning in this manner, future developments must inevitably proceed along present lines and lead to development of industries producing capital goods such as those in the mass consumption goods industries of the Western industrialised countries. These will increasingly be associated with heavy capital investment in large individual establishments. With the low average income of our people the number of such establishments possible will remain small. So that employment given by modern industry will remain small and concentrated in cities and agriculture and the rural population will continue to lag greatly behind.

VI

I may conclude this note by indicating briefly the policy requirements of the approach tentatively sketched above. Instruments of control and regulation at present possessed and used by government will not need to be amplified. Only their use will have to be differently oriented. In the first instance, government will have to frame a price policy and to implement it. The primary objectives of this policy will be stabilised prices of agricultural products and holding the price line for essential consumption goods. Details of such policy have been elaborated in a separate note. Government price policy will have to concern itself also with essential industrial raw materials, intermediate and capital goods which are in short supply. For making price policy effective government will find it necessary to undertake directly or through cooperative or cooperative channels a measure of distribution of essential consumption goods and of allocation of some goods and services required by industries. The regulation of foreign trade will have to be related to a long term policy and the system of licensing which causes frequent disturbances to markets and provides for extra profits for speculators and favoured parties will have to be changed. In all these matters no more than effective implementation or certain adjustments of existing policies are alone needed.

In some other respects a radical departure from them will be required. This is chiefly to achieve a more equal distribution of incomes and to route major savings through public agencies. We are not concerned in this context with the savings-investment effort at the level of the agriculturists below the ceiling or the small businessman. The problem relates to savings required for investment in large-scale modern business. Even today these are derived to a large extent through government or government controlled institutions like the Industrial Finance Corporation of India or the Life Insurance Corporation. However, even the fractional dependence, in this matter, on savings formed in private hands weakens and warps state policy. For, as pointed out, this makes impossible adequate control over levels of consumption and gives a wrong turn to fiscal policy. Government policy must be oriented to seeing that incomes left with individuals after taxation do not exceed the maximum permissible levels of consumption expenditure and that all major finance required for modern organized business is obtained through public regulated institutions. It may be necessary even to see that investment of own savings of corporations is subject to regulation. It follows that either directly or through taxation there is fairly strict limitation of levels of individual incomes and of salaries, both private and public. Without these measures it will be impossible to achieve a proper long-term plan for dispersed industrialisation or to prevent grave distortions of the productive system through upsurge of demand of luxury types of consumption goods. When these measures are adopted it will be easier to standardise and rationalise the production of consumption goods.

The policy will require, on the other hand, assumption of some responsibility on the part of government for the provision of employment opportunities and for guaranteed distribution of food. With an effective price policy and a controlled purchase and distributive mechanism, plan targets could be framed chiefly in terms of real availability in physical quantities of food and essential consumption goods and with these assured problems of deficit financing will become tractable.

The new approach will also require a different attitutde on the part of governments and peoples to a number of questions. In matters of public service, for example, adequate performance at levels appropriate to a poor country rather than prestige and show expenditure among general squalor would be the goal. Again, if real progress, is to be made towards decentralised industry governments of states will have to give up their present scramble for location of giant industrial, public or private, units within their border. The establishment of such long units solves no problems for the economy of the state as a whole. In most cases, the only result of the scramble is to hasten further the progress of large scale industry and to secure for it not only extra allocations of capital resources but to reserve for its use valuable resources of raw materials. This latter phenomenon is particular, greatly undermines possibilities of the growth of small-scale industry.

The policy in relation to industry implied in this programme does not lead to wholesale nationalisation or to abolition of private property in means of production. Agriculture, after the operation of a ceiling, and all kinds of small business will be almost unaffected by this approach, except that in each sector cooperative effort will be encouraged. The operation of the new policy will be directed only towards large organized modern business, especially the centres of concentration among them. (It may be noted paranthetically that the large concentrations in Indian business today are comparable to the Japanese Zaibatsu which were forcibly broken up by the American Occupation authorities.) Two sets of measures appear needed in this context. Firstly, the adoption of a ceiling applied to the ownership, either directly or through partnership or shareholding, of means of production by individuals and families. In view of the large scarcity of material resources within the country and the adoption of the concept of the ceiling in relation to agricultural land, such a measure becomes necessary. In this context, however, the resources, ownership of which comes into government hands through operation of the ceiling need not be redistributed. Obviously in large modern organized business ownership is diversed from control and operation, and the structure of the operational unit will not be disturbed through a further dispersal of ownership or through some assets vesting in government. The dispersal will be a measure chiefly helping more egalitarian distribution of wealth and income.

The State will have to act in another manner to affect the operational units of big business. This is by taking seriously its responsibility as substantial financier of or shareholder in most of these. Through guaranteeing loans, and through the institutions it controls the State is already in the position of a guarantor, substantial creditor or owner of large business and will become increasingly so. It is, however, not necessary for the state to control policies of the individual companies. All that is necessary is that their operations are conducted as befitting concerns affected by public interest. This could be done through imposition of uniform accounting systems, through appointment of independent aduditors owing nothing to the Directors and through other measures of surveillance by government directors which will ensure that acts of evasion, avoidance, collusion, etc. intended to defeat leagal regulation or state policy are prevented. If concentration of power of control in hands of individuals or small groups can be avoided through operation of the ceiling and the public character and open conduct of business of large companies enforced through action of government directors, no steps towards nationalisation need be taken. And it will be observed that the measures suggested are no more than the minimal necessary to fulfill the directives of State policy of the Constitution.

Another direction in which special policy measures are necessary is that of urbanization. In the large metropolitan cities historical forces have centred many activities and services and these attract streams of new activity. Most of these cities are now overgrown and the costs of adequately maintaining them are rising rapidly. However, in this instance, these increasing costs cannot be transferred in a sufficient measure to the operators within the city and there is glaring divergence between individual and social benefits and costs. Even the measure of making some large new units provide for part housing of labour does not adequately compensate for the total effect of the establishment of a new additional unit in cities like Bombay. Therefore, immediate policy must act in three directions. Effective stoppage of any further expansion in the largest cities, increasing costs of establishment and operation in some large cities and increasing the supply of services and reducing their costs for the towns and all industrial centres. All this has to be combined with a programme of reorganization of village layouts and of rural housing. Part of the latter will fall under the measures for providing employment to rural labour but the total programme has to be meaningfully coordinated. If possible, special incentives could be afforded for industry to move out of certain areas and into certain other areas.

This note has been confined to indicating the most salient economic aspects of what in my opinion constitutes the right approach to planning in India. However, before concluding, brief reference may be made to some other aspects. Firstly, there is the reorganization of administration. The chief problem here appears to be that of the hierarchical and caste structure of the services and the problem of the dominance everywhere of the non-expert administrator. Without a radical change in the recruitment, organization and definition of mutual relations of the various service this problem cannot be solved. The second is the problem of decentralisation. The decentralisation of planning is at least as important as the decentralisation of administration. The only observation I would make in this context is the great potential danger of focussing exclusive attention on the village and treating it as an independent autonomous unit. Whether in planning, in cooperation or in general administration an integrated structure of a tier of area authorities organized on the federal principle has to be aimed at. I welcome in this context the recommendation to experiment, in the first instance, with substantial devolution at the District level made by the recent Maharashtra Committee.

Beyond administrative arrangements there lies the problem of the centre or centres of power in society and the current use of that power. There is little doubt that our Society, especially the urban middle classes and the political and economic ruling strata, is corrupt and callous and is becoming increasingly so. What I mean by being callous is exemplified by avowed Gandhians violently opposing measures for restraining the further growth of Bombay City or the Food Minister congratulating himself on having solved the problem of food when all that had happened was that the level of *per capita* availability of food in the country had been barely maintained through increased imports from abroad. The main source of existing corruption in society is the concentration of economic power and resources in the hands of a small group of capitalists. The corruption was laid bare most explicitly when the ruling political party provided by law for contributions from public companies. But it is all pervasive and operates equally powerfully whether in the case of highly placed administrators looking in the future to jobs for themselves or in the present for their sons and relatives in private business or in that of the station-master booking a waggon for consideration. A poor, overcrowded society in which opportunities are scarce and rewards very uneven can easily be corrupted by those who hold concentrated economic power. Therefore, no progress is possible unless the concentration is broken down. When this happens and we are able to take a total view of all elements and of both town and country, could the approach of beginning with employment and rural labour commended here receive attention.

Appendix V

NOTES ON INDIAN DEVELOPMENT PROBLEMS

BY

E. F. Schumacher

1. Without any pretension of statistical accuracy let us think of India as divided into two parts : a small number of 'metropolitan areas' inhabited by about 15 per cent of the population, and the great 'rural economy' or 'rump economy', including more than half a million villages and thousands of towns of various sizes, containing about 85 per cent of the population. I suggest that it is the interaction of these two parts, their action upon one another that requires most careful study.

2. There appears to be evidence that each part is poisoning the other. The advanced industries in the metropolitan areas are tending to kill off all non-agricultural production in the 'rump economy' while a flight from the land into the metropolitan areas creates quite unmanagable problems in these areas which no feasible amount of industrialisation seems capable of mastering.

3. It may be suggested, therefore, that the primary purpose of national economic planning should be the inhibition of this process of mutual poisoning. This means that the progressive destruction of non-agricultural production in the rump economy, through irresistible competition from the metropolitan areas, must be stopped and must be replaced by a systematic development of non-agricultural production throughout the rump economy.

4. It is not sufficient to aim merely at a development of agriculture. The deepening poverty of the rump economy, containing 85 per cent, of the population, is primarily due, I suggest, to the progressive destruction of non-agricultural production, the decadence of agriculture itself being the inevitable result of the cultural starvation due to this destruction. Agriculture alone cannot sustain a fully human life; it thrives only when in contact with industrial crafts of all kinds and when vivified through cultural influences coming from thriving towns nearby.

5. Modern industry tends to congregate in the metropolitan areas. Nothing succeeds like success; the more industry there is already, the easier it is to start new enterprises. This tendency is noticeable all over the world. In England, there is a tendency for London to attract all industries not strictly tied to a special location and to grow into a vast conurbation with a diameter exceeding a hundered miles. The United States is tending to develop three enormous centres, for which they have coined the word megalopolis, one along the Eastern seaboard from Washington to Boston, one around Chicago, and the third centred on Los Angeles. In Mexico, the planners seem to have woken up to the fact that most of the 'development' automatically takes place in and around Mexico city, while most of the non-agricultural production in the rest of the country is dying off. Such developments are grave burdens to rich countries, but they spell utter misery for millions of people in poor countries.

6. It must be clearly understood that agriculture alone can produce a decent standard of living for a sizeable Community only in very special circumstances; (a) agricultural output per person must be very high, which is rarely attainable unless the ratio of land to people is exceptionally high; (b) in addition, there must be a large market for agriultcural products in the cities, so that the farmer can cover all his non-agricultural consumer needs by exchanging his food surpluses for town-produced goods and services. But this presupposes that the rural population is small in relation to the town population, as it is in Britain, United States, or Germany, or else that there is a large food export trade. As these conditions are

rarely given, the general rule is that rural communities can be prosperous only when they engage in a great deal of non-agricultural production, so that most of their consumers' needs can be covered without having to exchange food surpluese with the towns.

7. Applying these notions to India it is abundantly clear that there is no hope of even a remotely tolerable standard of living for about 85 per cent of India's population unless there is a great development of non-agricultural production outside the metropolitan areas. throughout the length and breadth of the rump economy. This is so because (a) Indian agriculture does not show a high produtivity per head and is unlikely ever to attain it, as the ratio of land to people is highly unfavourable; (b) the proportion of rural to town population is such that even if each farmer could produce a large food surplus for exchange against towns goods and services, the market in the towns would not be large enough to accommodate all the farmers.

8. Rapid industrial development in the metropolitan areas, although giving the appearance of achieving welcome increases in the 'national income', is a deadly danger to the well-being of 85 per cent of India's population as it almost inevitably leads to a further extinction of non-agricultural production in the rump economy. The danger is all the greater because the metropolitan areas are connected with the whole of India by means of a modern transport system, so that the 'natural protection' possessed by distant rural communities or minor towns is exceedingly small.

9. The Third Five-Year Plan shows no real awareness of the problems here discussed. There is some lip-service to "balanced regional growth" and it is even proposed to set up "about 300 new industrial estates of varying sizes during the Third Plan period and to locate them as far as possible in small and medium sized towns". But the general tendency of the plan can only be a further intensification of development in the metropolitan areas and hence a further desolation of the rump economy. The plan is conceived in terms of industries leaving location more or less to the pull of (so-called) natural forces. What India would need, however, is a plan conceived primarily in terms of location, leaving the choice of industry more or less to local initiative and requirements.

10. Before we can come to even the roughest outline of such a plan, we have to come to a view on the size of the planning unit. The Third Plan, in a sense, takes the whole of India as the unit, determining that "India" is supposed to need (this is the same as saying that it leaves location more or less to itself). An alternative proposal is to take the "village" as the planning unit and to think of "India" as a great confederation of villages. (It appears that those who plead for village development are in fact thinking, not of individual villages, but of "development blocks" with about 50,000 inhabitants each.) I am not convinced that either of these conception, is realistic. "India" is altogether too big, while the "village" (however defined) is too small. I think the criterion for the choice of size must be a cultural, not an economic one; for the ultimate purpose of economic development culture (in the comprehensive sense) and not mere economics. The unit to be made the direct object of development effort should be large enough, I suggest, to sustain an institution of higher learning. The village is too small for the development of a fully human life : it needs to be linked to, and inspired by, a market town. But even the market town gives insufficient scope and needs to be linked to, and inspired by, a district centre. The village can support a primary school; the market town a secondary (or grammar) school but the district centre can support an institution of higher learning, without which a vigorous intellectual life at the two lower levels cannot be sustained for long. It cannot be emphasised too strongly that the problem of agricultural poverty and rural misery is essentially and primarily a cultural problem. Those who talk simply in terms of agricultural implements, fertilisers and so forth are missing the decisive point : if Indian agriculture were as good as it might be by its own best methods—never mind about modern techniques imported from the West—it would be very much more productive than it is now. Why is it not? This is a problem of cultural decline and intellectual starvation; the undoubted capital starvation is itself a derived phenomenon.

11. These considerations lead me to the suggestion that the proper planning unit for India would be a "district" with something like one to two million inhabitants, consisting of a thousand or so villages, a number of market towns, and a fairly substantial district centre or capital. This means, ideally speaking, that India would be seen mainly as the sum total and confederation of some 200 to 300 such districts. Each district would be made the object of economic development with the immediate aim to become as self-supporting as possible in all the main fields of consumer needs—food, clothing, housing, implements, and education (up to something like technical college level). This implies that the authorities of each district will have to be the principal authors and executors of their own development plans; they will have to base themselves on local materials and local methods, planning to meet local needs.

12. What would be the role of the Central Government and of the State Governments? I think their role should be mainly to give certain initial impulses and to offer technical assistance. The Central Government should give the maximum of financial assistance from central funds, but with the minimum of "strings attached". f loan funds are made available from the centre, interest and amortisation payments should not flow back to the centre but accumulate as "counterpart funds", available as a revolving fund for further use, in the district centre.

13. As a corrollary of the fostering of district development, the Central Government should consciously and deliberately curtail and impede the development of further industry in the matropolitan areas. This could perhaps best be done by the imposition of substantial turnover taxes in these areas as well as transportation taxes for all goods sent from metropolitan areas into the districts to compete with local products there. The proceeds of these taxes should be used primarily for district development.

14. If planning is on a district basis and if its primary aim is to meet the basic needs of the district from local resources by local methods there will be little temptation to go for giant factories employing machinery of western origin. Hence Indian import needs could be kept low enough to be covered by exports. Generally speaking, the aggregation of district development plans should not give rise to a foreign exchange deficit for India as a whole and their implementation should, therefore, not depend on India receiving substantial aid from abroad. (Aid may none-the-less be needed to complete a number of projects already started under earlier plans.) It is my own personnal opinion that a country that makes development plans which utterly depend on the receipt of substantial foreign aid is doing such damage to the spirit of self-respect and self-reliance of its people that, even in the narrowest economic terms, its loss is greater than its gain. It seems to me essential, therefore, that development plans should be capable of going forward without aid of any kind (excepting only "aid through trade"), and that any aid which is none-the-less received should merely serve to speed up and overfulfil the adopted plan.

15. The above is not more than a very rough and preliminary outline of a basic conception. It is not a plan, and a good deal of detailed work would be needed to turn it into a plan. Who will do the detailed work ?

Appendix VI

THE WEAKER SECTION OF THE RURAL COMMUNITY

BY

Prof. D. Ghosh

The Government of India recently appointed a committee with Shri Jayaprakash Narayan as chairman to suggest steps for improving the condition of the weaker section of the rural community. This note is an attempt to analyse the problem and indicate the directions in which appropriate measures may be taken.

The category described as "the weaker section of the village community" is rather vague. We shall not, however be wrong if we define it as consisting of the agricultural labourer, the petty cultivator, and the village artisan. Together, they make up around 50 per cent of the village community. If we take the agricultural labourer to represent the section, its average member earns about one-third as much as the earner in the rest of the community. These are very rough figures; nevertheless they give us an idea of the size of the effort required to lift the standard of living of the section. To reduce the ratio of the income per earner of the section to that of the rest from 1:3 to 1:2, we must either transfer 30% of the present income of the latter to the former or raise the total income of the village economy by 20% and make the increment fully available to the former.

The problem can be tackled in three ways. Since the weaker section is part and parcel of the village economy, the general development of the village economy should lead to some improvement in their condition. To take, for example, improvements in agriculture. Since the largest fraction of the rural population derives its income from farming, an increase of this income should raise the earnings of the small cultivator, expand the demand for the services of the labourer and the products of the village aritisan.

The chain of consequences is obvious. There is, however, some lack of understanding of the dependence of rural industry on agriculture, and it may be useful to say a few words on this relationship. Today the rural artisan has to find a good part of the market for his products within the rural area. At present the market is extremely restricted. The average villager who has a low income spends a very small proportion of it on industrial goods, and even if the rural market is reserved 100% for rural industries, the income of the village craftsman will not rise significantly. With decentralisation of the economy the dependence of the artisan on local market will increase further. Hence the first condition for the development of rural industry is an expansion of the rural market. This, in its turn, implies an expansion of the income from agriculture ; the more the farmer produces over and above his own needs, the more he would be able to buy industrial goods including those which are produced by rural industries.

Thus general development of the rural economy is a *necessary* condition for the improvement of the income of the weaker section. It is not, however, a *sufficient* condition; the income of the rural economy as a whole may increase, but the weaker section may not share in the increase, directly or indirectly. For example, the assist tance extended to cultivation may be given in such a manner that the small cultivator and the tenant are not able to take advantage of it. Cooperative societies still use land as the collateral for loans and discriminate against small proprietors and tenants. Again, output per acre in cultivation may rise, but due to methods—chiefly bio-chemical—that do not call for much larger use of labour. Moreover, the farmer may spend his larger income on industrial goods produced in towns and cities. Finally, the weaker section may expand in size faster than the village economy with the result that the income of its average number will decline inspite of increasing demand for the services of the group as a whole.

Something like this must have taken place in our country in recent years. Between 1951 and 1958 the wages and the income per family of the agricultural labourers declined inspite of a 30% rise in agricultural output; the overall development of agriculture did not improve the condition of the weaker section. It is, therefore, necessary, in the interest of the weaker section, to do something more than promote the general prosperity of the rural economy ; steps have to be taken to see that the section gets its proper share of the general improvement. First, all practices, rules and regulations which discriminate against the section should be abolished. Secondly, within the field of agricultural development and consistently with the complementarity of different techniques, the emphasis in planning should be shifted to the relatively labour-intensive projects *e.g.* land reclamation, irrigation, soil conservation, road construction etc. These projects, which employ labour-intensive techniques will automatically transfer a good part of the money spent on them to the agricultural labourer and improve his relative condition. However, since the initial impact of the projects on employment would be much greater than their long-term effect, they should be planned so as to even out, as much as possible, the demand for labour over time.

There is one other aspect of these projects to which also attention should be drawn. They require cooperation among villagers both for construction and subsequent maintenance and utilisation; they imply a minimum degree of social consciouness. This the C. D. programme was supposed to foster but has signally failed to do, and some movement like the Bhoodan and the Gramdan embodying a more fundamental approach to the problem of social cohesion and responsibility has to replace it. Under a somewhat different class fall improvements in the technique of cultivation that call for the use of more labour per acre of land. The Japanese method of paddy cultivation is an eminent example. A point in favour of this class of improvements is that since they depend on the individual cultivator and their benefits accrue directly and solely to him he responds to them much more quickly than to projects of common benefit. Where he hesitates, he does it for sensible reasons the relevant propaganda is inadequate or the organization poor in structure and halting in operation. The farmer has, however, a natureal tendency to get the extra work required by the new technique from the labourer without a proportionate increase of wages. This may be due to a genuine fear that this the extra return may not cover the extra cost. In this circumstance, the state should guarantee him a minimum price and the worker a minimum wages. The market mechanism in the rural sector is too imperfect to bring about the necessary readjustment between wages and productivity.

As regards rural industries which still provide income and employment of a significant proportion of the weaker section, I have explained that while the ultimate limits of their expansion are determined by the productivity of farming, they may not benefit sufficiently from the development of agriculture. It is, therefore, necessary to take specific measures to reserve a good portion of the rural demand for rural industries. There are two ways by which this can be done. The common market for a given commodity may be divided in some proportions between the village crafts and the factory or the mill, or the whole economy may be decentralised, steps being taken to enable each basic unit to meet as far as possible, its own requirement of industrial goods. The latter is, obviously, the more fundamental approach, it fits in better with plans for integrated development of local areas.

Incidentally, decentralisation which results from the use of labour-intensive techniques should be distinguished from "deconcentration" or dispersal of mills and factories over the country. The former will increase the employment of labour in the rural sector as well as in the economy as a whole, the latter will merely transfer some opportunity for employment from the urban to the rural area. This distinction has relevance to the current programme of industrial estates in the countryside. In so far as these estates use techniques akin to those which are prevalent in urban centres, they will provide some relief to urban concentration, but they may also, being nearer to the rural market, restrict the scope for expansion of village arts and crafts. Only in the measure that the enterprises established in the industrial estates are basic or complementary to rural industries , will they support and strengthen these.

Industrial estates in rural areas should be natural corollaries to the growth of village industries ; they should not be fragments of urban industrial structure catapulated into the countryside.

The final category of measures is designed directly to benefit the weaker section. However, the number of purely economic measures which belong to this category is rather small. In the nature of things, most measures for rural development have to be conceived in relation to the better use of land, from which the weaker section, chiefly the labourer can receive only an indirect benefit. Of course, in the case of the village artisan, steps can be taken to expand the market for his goods ; they will bring him direct gain. But as I have explained, this in its turn, depends on the development of agriculture. In fact, till the market for his products has expanded, attempts to give the rural artisan better training and better technique will yield very small result. To-day a good proportion of the trained persons do not find employment in their crafts and the small fraction which is able to produce and sell more do not significantly increase their income. Thus the more important handicap of rural industry is the limited rural market and not the lack of skill or organization among artisans.

A revolutionary method of solving the special problem of the agricultural labourer is to abolish the category by making all land in the village the property of the community and all villagers, including the landless, its joint owners. Ceiling legislation too aims at the same sort of result, but in a more modest fashion, the surplus land being used to settle the landless as cooperative farmers. Short of these two types of measures, the position of the agricultural labourer can be improved by a stricter enforcement of minimum wages. On paper, the ceiling legislation and the Minimum Wages Act may appear to be simple solutions of the problem of the landless labourer. In practice, however, both these efforts have met with little success. The basic difficulty is a lack of the sense of responsibility of the village community or rather of its more prosperous section towards the weaker. In fact, minimum wages acts and ceiling laws may, by formally segregating the weaker section, strengthen the psychological barriers between the "haves" and the "have-nots' in the countryside.

Most other measures for the direct benefit of the weaker section, *e.g.* education, housing, medical facilities etc. belong to the category of the non-economic. They are today meagre in quantity and poor in quality, but to the extent that they have to be paid for, the weaker section naturally finds itself handicapped. Hence the provision of free education and medical services and of subsidized houses will benefit them more than the rest of the community. However, one should be careful about the manner in which these basic services are financed. The necessary resources must be found, in the long run, from the increasing income of the village community though in the short period outside help may be drawn upon. To lavish outside assistance given for too long can demoralise the rural community. In any case, outside assistance means so much less money available for investment elsewhere.

Appendix VII

A BRIEF NOTE ON THE WORKING OF LABOUR COOPERATIVES IN THE PUNJAB

Introduction.—The Labour Cooperative Movement in the Punjab has made commendable progress during the post independence period. This has been largely due to the concessions and facilities provided by the State Government in the matter of execution of public works and financial accommodation offered by the Central Cooperaive Banks to the Labour Cooperative societies. The position is briefly as follows :—

Organisational set up.—There are at present 853 Primary Labour Cooperative Societies with 80,000 members in the State. Value of a share is Rs. 10 which is recoverable in 10 monthly instalments. Bonus out of profit in proportion to the work handled is also given to the members as an incentive. The Labour Cooperatives have helped considerably in raising the daily wages earned by the labourers.

The primary societies are affiliated to District Labour Cooperative Union. The Unions charge commission from their members societies 1% against their bills. With this source of income the Unions employ technical advisers for assistance to the affiliated societies in carrying out contracts. 15 such unions are working at present in the State.

For effective coordination the State Government has constituted a Board at State Level in which the representatives of labour cooperatives, the cooprative Department and the Public Works Department are included. The Board meets under the Chairmanship of the Minister for Cooperation.

Concessions and Facilities provided by the State Government to Labour Cooperatives.—(i) All unskilled works upto any value and minor skilled works upto the limit of Rs. 2,000 per work are allotted to Labour Cooperatives only by way of tenders with the ceiling rates fixed by the respective Superintending Engineers of each branch of the P.W.D. and upto the capacity of Labour Cooperative societies.

(ii) These societies are exempt from payment of Earnest Money deposit.

(iii) Fortnightly payments are made for the works executed by the societies. The societies are entitled to get payment when the work of the value of Rs. 300 is completed.

(iv) Monthly meetings are convened by the Executive Engineers along with the representatives of Labour cooperatives and the local Assistant Registrars and six monthly meetings are convened by the Superintending Engineers with the Deputy Registrars to settle the disputed matters.

Financial Accommodation Offered by Central Co-operative Banks.—(i) Maximum credit limit of each society is fixed at three times its paid-up share capital and the reserve fund.

(ii) A society can get clean loan from a central cooperative bank to the extent of its paid up share capital subject to a maximum of Rs. 5,000.

(iii) The societies get payment of full value of cheques on representation to the central cooperative banks and have not to wait for collection. The cooperative banks also make payments upto 75% of the value of works executed on the certificate of departmental supervisors. These advances latter on are adjusted from the cheques presented for collection to the Central Cooperative Banks. All cheques from the P.W.D. are encashed only through Central Cooperative Banks with a view to safeguard the interest of these banks.

APPENDIX VIII

PEOPLE'S MOVEMENT FOR EDUCATION IN MADRAS STATE

Introduction.—The People's Movement for Education in Madras State has evoked considerable interest in the country. Started on a modest scale in 1957 by the people themselves in a few villages, it has now spread almost to the entire State.

The beginnings of the movement were humble. Back in the later part of 1956, some villages made arrangements for the supply of free mid-day meals to the needy children. These efforts were entirely voluntary and could be regarded as self-initiated. As the movement spread from village to village, the Department of Public Instruction, Madras State took it upon itself to consolidate its organizational base and carry its message to the rural communities in the whole state. Gradually the people in hundreds of villages were inspired to organize similar efforts to feed their needy children in the schools. Later, supported by the recognition and financial assistance of the government, this scheme spread to most of the villages in Madras State. This movement is no longer confined to the mid-day meals schemes alone. It covers the wider area of school improvement.

The present study was confined to Development Blocks in Chengulpet district where initially the School Improvement Conferences were started. The three Development Blocks selected for the purpose of this study were :

(1) Poondi;

(2) Trivellore; and

(3) Kadambattoor.

Some of the elementary schools in these Blocks were visited, and discussions were held with the members of the mid-day meal committees, teachers of the schools, and Panchayat Board members. The problems connected with the movement were also discussed with the Director of Public Instruction, Special Officer (Text Books), and other responsible officers in the Education and Rural Development departments.

Mid-day Meal Scheme.—The People's Movement for Education is actually a twin movement comprising the mid-day meals schemes and the schools improvement conferences; the latter being an offshoot of the first.

It was being increasingly realised that under-nourishment and malnutrition of school-going children was coming in the way of their education. In a gathering of teachers and general public in Tuticorin in February 1956 the slogan of "Anna-dan" to famished school children was raised. Village leaders and the common people present at the meeting responded to the call and resolved that every one oning a plot of cultivable land will contribute a specific quantity of food grains at the time of harvest. Encouraged by this, the Director of Public Instruction, Madras, gave further fillip to this movement. The movement was officially launched later in 1956.

The Government is now providing contribution at the rate of 0·06 nP per student per day for the mid-day meal scheme. This has to be matched by a local contribution of at least 0·04 nP per student per day. There is a Mid-day Meal Committee in every school/village in which one of the non-officials serves as the President and the headmaster of school as Secretary.

Role of the Panchayat.—The recent decision of the Madras Government entrusting the administration of the primary education to the Panchayat Union Councils has further encouraged this movement. The school administration has now come within

the purview of Panchayat Union Councils. The Panchayat Union Council Commissioner and the Extension Officer (Education) have been placed incharge of the administration of elementary schools and teachers. As a result of the panchayats taking over school administration a direct relationship has been established between the Panchayat Board and the teachers. This has in certain ways ameliorated the lot of the teachers and they are in a mood to cooperate with the Panchayat Boards whole-heartedly. The interest of the teachers has contributed significantly to the success of this movement.

The number of students served with mid-day meals in the school depends on the contribution received by the school towards providing food to its students. The impression gathered during this survey in the course of discussions with teachers and village leaders was that most of the students who really needed food were being served; other children generally went back to their homes for food.

The practical arrangements covering the mid-day meal scheme vary from village to village according to local conditions. Ordinarily food is cooked by one of the members of the Mid-day Meal Committee and sent to the school. In a few places teachers have taken upon themselves the responsibility of cooking the food either at their home or at the schools. Sometimes, old women are engaged on a salary of Rs. 5 to Rs. 10 per month for cooking and serving the food.

The Government contribution, immediately after it is received and cashed, is kept in a Savings Bank Account in the name of the President of the Committee. The contribution from the villagers is collected either in kind or in cash. The grains thus collected are stored in the house of the President. The cash goes to the account. The school teacher and the President are responsible for the accounts.

Factors which contributed to the success of the mid-day meals schemes.—The following factors appear to have contributed to the success of the mid-day meal scheme:—

(1) Systematic harnessing of local initiative, willingness to raise voluntary effort in the cause of education, and mobilising the resources of the people howsoever meager they may be.

(2) The role played by the Department of Public Instruction both at the Headquarters and the districts.

(3) Transfer of administration of primary education to Panchayat Union Councils.

(4) The interest of teachers in the Mid-day Meal Scheme and the School Improvement Conferences.

(5) Timely receipt of government contribution towards the mid-day meal schemes.

(6) Constitution of Mid-day Meals Committees in every school/village so that the local interest in not only providing the mid-day meals but also in managing the mid-day meals scheme is sustained.

(7) School Improvement Conferences which have helped to evoke public interest in schools and have helped in providing the schools with necessary equipment and teaching aids.

Benefits from the mid-day meals scheme.—(1) Increased and regular attendance at the schools.

(2) Better attention of children to studies.

(3) Improvement in the health of the children.

(4) Cultivation of social habits. Irrespective of their caste and social status the children sit together to take their mid-day meals. This has helped the children to feel as though they are all one notwithstanding the differences in their caste and social status.

(5) Fostering community's interest in education.

Results achiveved so far.—This voluntary movement gained momentum as a result of government support. To-day, out of 26,281 elementary schools not less than 25,294 are providing free mid-day meals to poor children. The number of pupils who benefit from this scheme is as large as 9,11,820; in addition to these as many as 13,319 students reading in 506 high schools are also receiving free meals entirely out of people's contribution without any subsidy from the government.

School Improvement Conferences.—The functioning of the Mid-day Meal Scheme in thousands of villages of Madras State gradually provided the stimulus for the associated "School Improvement Conferences" movement. These Conferences are being held at Block, Taluq and District levels. Through them the teachers and the people assess the requirements of their schools and devise ways and means to meet them locally through their own effort. Priorities are not dictated to them; in fact compulsion in any form is avoided.

Stages in the School Improvement Conferences.—(1) A comprehensive survey of the conditions of each school in the area, keeping in view the normal requirements of an elementary school in regard to accommodation, furniture, equipment, teaching aids, library, sanitary arrangements and space for sports and gardening ;

(2) fixing of priorities out of these requirements ;

(3) teachers approaching the villagers with the list of requirements and accepting gifts in any shape readily forthcoming from them ; and

(4) organizing school improvement conferences at the Block headquarters and then at the District headquarters inviting Headmasters of the schools, Presidents of the Panchayat Boards and Mid-day Meals Committees and all others generally interested in the educational movement.

In such conferences, the donors have taken upon themselves a variety of responsibilities towards their respective schools ; such as :—

(1) Construction of school buildings ; their repair and white-washing ;

(2) donation of land for school buildings ;

(3) electrification of school buildings ;

(4) construction of latrines and quarters for teachers ;

(5) fencing of school compound ;

(6) donation of furniture ;

(7) supply of small library ; and

(8) provision of pure drinking water.

So far 140 School Improvement Conferences have been held and donations worth more than five and a half crore of rupees have been received. The School Improvement Conferences are still in full swing. The way they are being organized and the enthusiasm with which the people are responding to them are of sufficient significance to indicate an awakening of interest among the rural people to the cause of education.

Future of the movement.—A few factors deserve consideration in the interest of the future of these two inter-related movements. It is a matter for speculation if the enthusiasm and interest generated by these movements can be sustained over a long period time. The people have in some measure started toying with the idea of resting on oars. Villagers think that the magnitude of their contribution towards their schools reached a point of saturation and that it is now for the government to come forwa with a greater measure of assistance to help sustain the tempo of movement. Thefore, it is now a question of institutionalizing this movement through various decentrzed organizations which are coming into being in the wake of Panchayati Raj. e Panchayat Board Sub-Commiteee for Education needs to be entrusted with thask of maintaining the school and its standards and a definite plan for continued ctribution or assured income has to be thought of. There appears

to be a trend of thinking among some of the local leaders that this movement from this stage ownwards should be linked to some definite production programme in the village such as village agricultural production plans or industrial production plans. The cooperative societies have to be brought in more directly into the picture with reference to the financial assistance for the educational movement. Already in a few villages people have donated lands to the schools to ensure regular income to finance the Mid-day Meals Scheme and maintenance of school. This aspect has to be emphasized much more.

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